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Winthrop Aldrich Favors Strong Western Europe

In his annual report to shareholders on January 9th, Winthrop W. Aldrich, Chairman of the Board of Directors of the Chase National Bank, expressed the belief that the main objectives of American foreign policy should be the restoration of democratic and economically strong governments in Western Europe, and that the United States should take the initiative "in realizing a broad program of political and economic solidarity under the system of free enterprise."

W. W. Aldrich

"There have been many conferences and much debate during the year," Mr. Aldrich remarked, "in which postwar plans were considered and blueprints made for the political, social, financial and economic reorganization of the world. Some of them, as we now see, were conducted in an atmosphere of unreality, assuming at once a prompt conclusion of the war and a set of economic conditions abroad that are not likely to be

(Continued on page 178)

Index of Regular Features on page 184.

One World—Its Sales Significance

By JOHN ABBINK*

President, Publishers International Corporation
Executive Vice-President, McGraw-Hill Publishing Co.

Mr. Abbink Expresses the Belief Our Industrial Supremacy Will Enable Us to Compete in Exports With Other Nations Having Lower Living Standards and Cheap Labor. Fears Renewed Trade Barriers Against Us, Such as the British Empire Preference, and Questions the Practicability of Disposing of Surplus Equipment and Increasing Sales in Undeveloped Countries by Rapidly Raising Living Standards, But Holds We Must Have Post-War Exports Up to $10 Billions to Maintain Prosperity. Looks for Large Foreign Buying Because of Cash Balances Accumulated Here and Urges Heavier Imports for "Stockpiling" Purposes. Calls for Assumption of Responsible Role by U. S.

Those who plan programs for meetings such as this often have made me envious. They seem to have the uncanny faculty of posing questions difficult to answer, and of coercing some luckless commentator into a discussion of them that he hesitates to undertake if he is to be completely candid.

John Abbink

It is in this frame of mind that I face you today. An experience of more than a quarter century in foreign trade warns me that in the short time available I can hardly trace the outline, even, of a problem which has many facets; much less deal completely with any of its aspects.

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*An address by Mr. Abbink at the Luncheon Session of the Marketing Conference, American Management Association, Waldorf-Astoria Hotel, Jan. 5, 1945.

(Continued on page 174)

"Let Each Transportation Agency Stand On Its Own Feet"

By F. G. GURLEY*

President, Atchison, Topeka & Santa Fe Railway

Railroad Executive, After Describing the Difficulties of War Time Railroad Operation, Due to Labor Shortages, Inadequate Equipment and Heavy Traffic, Condemns the Action of the Justice Department's Western Railroad Anti-Trust Suit and Urges That Legislation Be Enacted Giving the ICC Exclusive Jurisdiction Over the Carriers in Rate Matters. Recommends That Either the Federal Government Let Each Transportation Agency Stand on Its Own Feet, or If Subsidies Are Given to Competing Transportation Systems, the Railroads Receive Tax Exemptions to the Extent That They Make Permanent Improvements. Holds Railroads Indispensable Transport Agency in War and Peace.

In the very beginning I want to express our thanks and appreciation for the many things you have done to help the railroads. Nowhere in our country is there a group of men which is better informed or knows more about transportation, and especially railroad transportation, than the members of the Chicago Traffic Club and the Mid-West Shippers Advisory Board. No group personifies more the understanding, sympathy and co-opera-

Fred G. Gurley

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*An address by Mr. Gurley before a joint meeting of the Traffic Club of Chicago and Mid-West Shippers Advisory Board, Palmer House, Chicago, Ill., Jan. 5 1945.

(Continued on page 168)

Holding the Price Line

By CHESTER BOWLES*

Administrator, Office of Price Administrator

OPA Head Lists Five Principal Problems in Holding the Price Line, to Wit: (1) Equitable Food Rationing; (2) Control Organization Efficiency; (3) Price Policies Applicable to the Distributive Trades; (4) Lowering of Clothing Prices and (5) Reconversion Pricing. Advocates Post-War Retension of Price Controls on Consumer Durable Items Which Have Been Off the Market and Expresses Belief, Without Over-Confidence, That a Stable Economy Can Be Maintained and Prices Kept In Check During War and Reconversion Period; Says OPA Will Be Faced With Still Greater Problem When War With Germany Ends.

Chester Bowles

I am very glad of an opportunity to speak to the members of the American Management Association here in New York City. I'd like to use this opportunity to tell you about some of the management and policy problems we must solve if we are to win our wartime struggle to hold the price line and assure fair distribution of scarce supplies.

---

*An address by Mr. Bowles before the American Management Association, at the Hotel Waldorf-Astoria, New York City, Jan. 3, 1945.

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Are Americans Isolationists?

By ALEXANDER WILSON*

A Candid Statement of an Isolationalist; Historic Facts Why Americans Are Isolationalists; Our Country's Major Wars, Hatreds and Friendships; An Isolationist Pleads for Sanity and Understanding in Our International Relationships and Against Emotionalism in Planning a Second League of Nations With the Great Imperialistic Powers.

I believe at heart the United States of America is a pacifist country in peacetimes.

Alexander Wilson

The American is by nature and choice an Isolationist.

He loves his family, his home, his friends, his garden, his sports; his politics are national not international.

He wants to worship with freedom, speak his opinions at will without let or hindrance and he stands for a free press, for liberty of enterprise and individual initiative and is by temperament an individualist who wishes to live and let live in his own little world whether it be a country hamlet, a small town or a big city.

Has the Isolationist A World Complex?

As a cosmopolite in peacetimes, he is not much interested in the affairs of other nations; he is not world-minded of all things. The American desires peace most of all; peace of mind; peace in his own country and peace abroad.

The American is insular; he prefers most of all to mind his own business; he is not an imperialist; he does not wish to meddle in the affairs of Europe, the affairs of Asia, the affairs of Africa.

His Feeling Towards Small Nations

More than anything else, the

(Continued on page 166)

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*Writer of "Why a New League of Nations Will Not Ensure Permanent Peace," in The Chronicle, March 9, 1944 (p. 1017), and a "Reply to Critics" of this article March 30, 1944 (p. 1330), and "Peace by Force In An Uncivilized World," Nov. 16, 1944 (p. 2130).

Hercules Mottino With Harris, Upham & Co.

As of January 15th, Hercules Mottino will become associated with Harris, Upham & Co., 14 Wall Street, New York City, members of the New York Stock Exchange and other leading Exchanges, in their trading department. Mr. Mottino was with the Credit Suisse.

Congress Awaits FDR Message On Peacetime Training Issue

Views Program as Indispensable Factor in Maintaining World Peace and Looks to Congress to Pass Appropriate Legislation. Additional Comments Received in Connection With Our Survey on the Proposal Given Here.

In his State-of-the-Union message to Congress on Jan. 6, President Roosevelt declared that the country must have compulsory military training in peacetime and declared that he would shortly advise the lawmakers of his views on the subject in detail.

In connection with the proposal, we are able to give in today's issue some more of the previously unpublished comments received incident to our symposium. Others have been carried in earlier issues beginning with that of Nov. 23. The final group of expressions will be published in next week's issue.

As previously pointed out, there appeared in our issue of Oct. 26 several siginificant discussions of the subject, reflecting the opinions of, respectively, members of the New York Synod of the Presbyterian Church, a prominent Catholic educator and the President of a prominent educational institution.

C. C. COTTING
Lee Higginson Corp., Boston, Mass.

I think one will have to reserve his opinion on compulsory military training until one sees what peace is brought out of the present conflict. In principle I am in favor of some kind of military training. I believe that this war will show, as the first war did that our greatest difficulty has been the lack of knowledge on the part of the officers, from major, and mostly from captain and first and second lieutenant in the Army. I believe the Navy has been able to overcome the lack of experience of its officers better than the Army.

Hon. CLYDE M. REED
United States Senator from Kansas

I am of the opinion that no legislation with respect to compulsory military training in peacetime will be acted upon until we come to the end of the war. Then our military and civil authorities can determine just what preparations America must make to protect herself from future enemy aggression. We may have to adjust ourselves to permanent military establishments far greater than was believed necessary before the present war. It is too early to forecast in what strength these military establishments might be maintained, and how the personnel would be trained and maintained.

Clyde M. Reed

I doubt that any of us need be concerned about any immediate

(Continued on page 176)

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Unlisted Trading Privileges

Last week under the same heading, we dealt with the "Application of the New York Curb Exchange to Extend Unlisted Trading Privileges to Six Securities."

Amongst other matters discussed in that editorial, we summarized what we believe to be the relevant issues in such an application. As we outlined some of them, they consisted of

a) The contrast between the functions performed by the different markets;
b) An explanation of those functions;
c) The general fitness of the particular securities involved for auction trading;
d) The extent of distribution, size of the issue, the meeting of statutory requirements; and
e) The desire of the issuer of the security.

In fact, however, an entirely different spirit and argument crept into the hearing before the Commission. We quote from the oral argument of William A. Lockwood, who represented the New York Curb Exchange:

> " * * * What was left which should be a test as to whether or not the public interest and the protection of investors required this Exchange market, despite the absence of Sections 14 and 16? It would seem that the only

(Continued on page 180)

Proposes Investigation of SEC

Rep. Dirksen of Illinois Calls for a Bi-Partisan Committee to Conduct Hearings on Securities Acts. Questions Whether Activities of SEC Do Not Impede Flow of Capital.

Everett M. Dirksen

Representative Everett M. Dirksen, Republican of Illinois has reintroduced in the House of Representatives his resolution which he had submitted in the last session of Congress (November 16, 1944) calling for the appointment of a committee of five members of the House of Representatives, no more than three of whom shall be from the same political party, to conduct a complete and thorough examination of the actions, conduct, and policies of the Securities and Exchange Commission. Mr. Dirksen maintains that, as a member of the House subcommittee on appropriations for the independent agencies of the Government, which includes the SEC, he has had occasion to pursue the activities of the Commission as it relates to the free flow of capital, the modification of proxy rules, the burden imposed upon free private enterprise by the requirement of so many forms and statements by the Commission and its administration of the various acts which come before it and he thinks that the whole matter is worthy of a thorough investigation. It is his contention that in the post-war period the kind of a job that free

(Continued on page 182)

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Some Current Problems Of Federal Regulation

By JAMES A. TREANOR, JR.*

Director, Trading and Exchange Division, Securities and Exchange Commission

Holding That the Securities Firm is Typically "in a Professional Relationship With Its Customer," Mr. Treanor Argues That the Security Dealer Should Be Required to Inform His Customer of the Market Value of the Security in the Transaction. The Opposition to This Principle, He Claims, Is Due to Dealers' Fears That They Cannot Justify Their Charges and Is therefore an Admission That "the Added Amount Above Market Value Is More Than the Traffic Should Bear." Mr. Treanor Stresses the Alleged Ignorance and Incapacity of Individuals as Investors as a Reason for Requiring "Full Disclosure" and Contends That in Making Retail Sales, the Firm Usually, in the Eyes of the Common Law, Is an Agent for the Customer. Urges the SEC Be Granted Same Powers in Over-the-Counter Trading as in New Security Offerings and Registered Securities on Exchanges. Maintains Full Disclosure Rule Will Improve Confidence in Security Dealers.

J. A. Treanor, Jr.

Both the courtesy of your president and the title given to my remarks on the program give me considerable latitude to select my own subject.◆ I am going to take advantage of the opportunity to give you my views concerning some current problems arising out of the regulation of the securities business. These views are my own and should not be taken as a statement of the views of the Commission. Although my remarks will not be specifically limited to dealings in any particular type of security, I do not intend to include in them dealings in government or municipal securities, which are classified as "exempt securities" by the Securities Exchange Act of 1934.

Many of the problems which currently confront both the regulator and the regulated arise from the failure of some of those engaged in the securities business to recognize the responsibilities which they have created and fos-

(Continued on page 164)

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*An address made by Mr. Treanor before the annual convention of the National Association of Securities Commissioners, Denver, Colo., on Dec. 12, 1944. The views expressed by Mr. Treanor are his own and should not be taken as those of the Securities and Exchange Commission.

Edward Brown Named Chairman of First National Bank, Chicago

Edward E. Brown

At a meeting on Jan. 9, the Board of Directors of the First National Bank of Chicago elected Edward Eagle Brown as Chairman of the board and chief executive officer. Mr. Brown was formerly President of the institution and has been succeeded in that capacity by Bentley G. McCloud, who was previously a Vice-President. Mr. Brown was one of the American delegates to the Bretton Woods Monetary and Financial Conference.

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Robert A. Ridley has formed Provincial Securities Co. with offices at 70 Wall Street, New York City, to act as dealers in Government, municipal, railroad and corporate bonds. Mr. Ridley was formerly with the Bank of the Manhattan Co.

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The First Ten Years After the War

By DR. CHARLES F. ROOS*

President, the Econometric Institute, Inc.

Dr. Roos, After Taking Into Consideration Population Growth, Income Changes and Increased Living Standards, Predicts a Post-War Rise in Production, Even if Deep Depression Should Develop. Holds There Will Be No Need for Deficit Spending During the Post-War Decade, As the Hoarded Bank Deposits and Outstanding Government Bonds Will Be Converted Into Current Purchasing Power, and This, Together With the Deferred Demand for Durable Consumers Goods, Guarantees High Levels of Production. Sees a Heavy Decline in Ship Building and Airplane Manufacture More Than Offset in First Three Post-War Years by Industrial and Public Construction to Satisfy Needs of Expanded Economy

Dr. Charles F. Roos

Increase in population during the war period and the likelihood of further increase after the war ends seem to guarantee that the perishable goods portion of the Federal Reserve Bureau Index of Production will represent at least 16 points of the total index in each of the years 1945 to 1950, even if deep depression should develop. The huge volume of war savings, our system of unemployment insurance and soldier bonuses suggest that likely levels will be 3 to 6 points higher.

Semi-durable consumers' goods production, production of shoes and leather products, cotton, wool, rayon and silk textiles, clothing, stationery, and similar products, likewise depends in considerable degree upon population. Here, however, national income or purchasing power plays a more important role. As a general rule, one can say that the longer the life of a product and the higher its price, the greater is its response to changes in income. For instance, the number of cheap handkerchiefs or men's socks consumed (purchased) shows very little response to changes in income, whereas the number of women's and misses' 25-dollar to 35-dollar dresses shows considerable response.

It is the sensitiveness of demand for semi-durable consumers' goods

(Continued on page 178)

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*Views expressed by Dr. Roos in an address before the Marketing Conference of the American Management Association, at the Hotel Waldorf-Astoria, New York City, Jan. 3, 1945.

Elisha Walker Heads Beekman Hospital Fund

Elisha Walker, partner of Kuhn, Loeb & Co., 52 William Street, New York City, has accepted the chairmanship of the Beekman Hospital 1945 Maintenance Fund, according to announcement by Howard S. Cullman, president of the hospital.

Mr. Walker is a director of Diamond Match Company, Armour & Company, Tidewater - Associated Oil Co., Westinghouse Elyectric & Manufacturing Co., Hat Corporation of America, U. S. Lines, Petroleum Corporation of America, and for the past several years has served as chairman of the hospital.

The maintenance fund drive, which seeks $125,000, will be launched at a luncheon meeting to be held in the near future.

Beekman Hospital serves a major portion of the downtown district south of Canal Street, with an estimated daytime population of nearly one million people.

For the year ended November 1944, there were 7,859 emergency room cases treated at the Hospital; 19,387 laboratory tests were made; 39,562 physiotherapy treatments were given; 11,939 X-Rays were taken; 27,071 out-patient visits, and patients remained in the hospital for a total of 25,653 days.

Interstate Aircraft & Eng. Appears Attractive

Interstate Aircraft & Eng. Co. offers an interesting situation according to a circular being distributed by Hirsch & Co., 25 Broad Street, New York City, members of the New York Stock Exchange and other exchanges. Copies of this circular may be had from the firm upon request.

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Wm. E. Pollock Co. Adds Three to Staff

Ashmore L. L. Mitchell, formerly of Harvey Fisk & Sons, Inc., and C. F. Childs & Co., has become associated with Wm. E. Pollock & Co., Inc., 20 Pine Street, New York City, as Assistant Vice-President, according to announcement by William E. Pollock, President.

Edward J. Ryan, formerly of Harvey Fisk & Sons, Inc.., and Salomon Bros. & Hutzler, and Milton T. Goldman, recently discharged from the U. S. Army and who was with Salomon Bros. & Hutzler prior to that time, have also become associated with the company.

Situation Looks Good

Wellman Engineering Company offers interesting possibilities according to a circular issued by Wm. J. Mericka & Co., Inc., 29 Broadway, New York City, members of the Cleveland Stock Exchange. Copies of this circular may be had from the firm upon request.

Attractive Situations

Common and 6% cumulative convertible preferred of the American Bantam Car and Panama Coca-Cola offer attractive situations according to circulars issued by Hoit, Rose & Troster, 74 Trinity Place, N. Y. City. Copies of these circulars may be had from the firm upon request.

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Johnson Heads Group Of Controllers Inst.

The Controllers Institute of America has announced the appointment of Riche H. Johnson as Chairman of its Committee on Cooperation with the Securities and Exchange Commission. Mr. Johnson is Assistant Comptroller of the Socony-Vacuum Oil Co., New York City. The Institute also announced the reappointment of Archer E. Church as Chairman of its Committee on Publications. Mr. Church is Controller of Weekly Publications, Inc. (Newsweek), New York City.

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Winners in Hugh Long Selection Contest

Vincent Tolan of Nugent & Igoe, investment dealers of East Orange, N. J., won first prize, a $500 War Bond, in Hugh W. Long & Co., Inc.'s 1944 Industry Selection contest, it is announced. Second prize ($250 in War Bonds) was won by Robert L. Cooke, Jr. of Ballou, Adams & Co., Boston.

Third, fourth, fifth and sixth prizes, $100 each in War Bonds, were won by Rowlett Williams, the Pacific Company, Los Angeles; Gustav P. Heller of Nugent & Igoe; O. P. Liscomb of George A. Cooley & Co., Albany, N. Y. and Hunter Breckenridge of McCourtney-Breckenridge & Co., St. Louis.

In March 1944 Hugh W. Long & Co., Inc. asked investment dealers to indicate which industries, as indicated by the market action of the 20 Industry Series of New York Stocks Inc. for which the firm is national distributor, would do best for the 1944 calendar year. A total of $1,150 in War Bonds was offered as prizes. Most dealers indicated railroad stocks as the probable leaders, their next choices, in order, being those of the rail equipment, steel, public utility, automobile, aviation and agricultural industries.

Subsequent market action proved that investment dealers were right in choosing railroads as best 1944 performer. Furthermore, their selections included four of the leading seven Series of New York Stocks Inc. for the calendar year just closed.

Hugh W. Long & Co., Inc., has its main office at 48 Wall Street, New York City.

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

William Schoellkopf, limited partner in Doolittle, Schoellkopf & Co., Buffalo, became a general partner effective January 4th.

John L. Loeb, special partner in Carl M. Loeb, Rhoades & Co., New York, became a general partner as of January 1st.

Florence M. Charavay, general partner in Stevens & Legg, New York City, became a limited partner on January 1st.

Vernon C. Brown, limited partner in Vernon C. Brown & Co., died on December 30th, his interest in the firm ceasing as of December 31st.

Interest of the late W. Arthur Stickney in A. G. Edwards & Sons, ceased December 31st.

A Lawrence Pierson, limited partner in Goodbody & Co., New York, died on December 27th.

National City Bank Reports 1944 Net Operating Earnings of $15,355,511; Gain Over 1943

While describing the war activities of banks as "less spectacular than those of industry, transportation, and agriculture," the report to the shareholders of the National City Bank of New York on Jan. 9 states that "nevertheless the demands made upon them have presented just as urgent a challenge." The report says "in volume of operations the increase has been not unlike the increase in traffic over the railroads. The number of checks to be cleared, the currency to be paid out and received, the tremendous volume of Treasury savings bonds to be issued and redeemed, the ration banking program, all of these have constituted an operating problem that had to be met."

Gordon S. Rentschler

The report, presented by Gordon S. Rentschler, Chairman of the Board; W. Randolph Burgess, V.-Chm. of Board, and Wm. Gage Brady Jr., President, indicates that "the combined net current operating earnings of the National City Bank and the City Bank Farmers Trust Co. for the year, after provision for taxes and depreciation, were $16,443,035, compared with $15,151,756 in 1943. This represents earnings of $2.65 per share, compared with $2.44 per share for 1943 on the 6,200,000 shares outstanding." The report adds:

"Total earnings, including profits from sales of securities, were $23,914,374, or $3.86 per share, compared with $17,559,390, or $2.83 in 1943. Profits from the sales of securities in the bank were used to increase the surplus account, as were also a part of the year's recoveries. The balance of recoveries was transferred to reserves. Security profits and recoveries of the trust company for the year and its current operating earnings up to June 30, 1944, were added to its reserves.

"For the bank alone, net current operating earnings were $15,355,511, compared with $14,345,950 in 1943. Total earnings, including net profits from sales of securities, amounted to $22,498,206, compared with $16,436,666 in 1943.

"A further increase in interest on securities reflects, as last year, a larger total of investments in Governments, and also a further increase in the average yield, which, after amortization, was 1.41% in 1944 as against 1.24% in 1943. The difference in rate reflects the reduction in holdings of partially tax-exempt securities and their replacement by taxable issues at higher gross yields, and a slightly lengthened average maturity. Interest on loans remains substantially unchanged. Other current operating earnings were up $1,348,490, due principally to increased foreign branch earnings.

"Current operating expenses are up $6,942,196, of which $4,503,641 represents provision for taxes and assessments. The balance of the increase is accounted for by $462,679 in interest paid on deposits, $546,317 in salaries and wages, $72,142 in operating cost of domestic premises, and $1,357,417 in other current operating expenses (including payments for funding in connection with the retirement plan).

"Dividends were paid at 50 cents a share for the first half-year and declared at 65 cents for the second half-year on the 6,200,000 shares outstanding.

(Continued on page 180)

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United Corp. Consummates Exchange Plan

Despite opposition before the SEC and the Courts by Randolph Phillips, United Corporation succeeded in consummating its plan for retirement of 45% of the $3 preference stock. As for Dec. 5, the company had advised holders of the preference stock that they could exchange each share for 1.8 shares of Philadelphia Electric Co. common stock and $6 in cash, the offer expiring Dec. 19. So much preference stock was tendered that it was necessary to cut down the allotment of shares in excess of 100 each.

While the exchange plan was in progress, the preference stock advanced to 42, since the "package" of Philadelphia Electric and cash would have been worth 43 or more; but on the announcement that the exchange offer had been over-subscribed the stock broke several points (it is currently around 39). The decline may also have been due to the company's announcement on Dec. 19 that it had been notified by the New York State Tax Commission that the company would be liable for franchise taxes for the period 1929 to Oct. 1935 or later, the aggregate amount being nearly $3,400,000. This tax would, of course, somewhat deplete the company's cash, which, at last reports, was around $9,000,000 (after allowing for the payment to preference stockholders).

Following consummation of the plan United Corporation's assets, based on values of June 30, 1944, amounted to $56.12 per share on remaining preference stock, compared with $48.89 before execution of the plan (the increase of over $7 was due to retirement of 45% of the stock with assets then worth about $42, so that the remaining stock obtained the advantage of the saving). As of recent date, due to a moderate advance in market prices of some of its holdings, the liquidating value had advanced to $56.73.

At present the price is about 39% below liquidating value—a fairly heavy discount if the company be considered as an investment trust. However, while ultimately it may achieve that status, at present it is considered by the SEC to be a utility holding company. Based on prices of last June (which have not changed substantially in the interim) the company's assets of $76,625,017 are invested about as follows (all stocks held are common shares):

	Amount (Millions)	Percentage
Cash assets (less debts)	$8.8	11.5%
Stocks of "Subsidiaries":		
Public Service of N. J.	25.4	33.2
Columbia Gas	11.5	15.0
United Gas Improvement	9.9	13.0
Niagara Hudson Power	7.0	9.1
Delaware P. & L.	4.5	5.9
Other Companies:		
Consolidated Edison	4.9	6.4
Consolidated Gas of Baltimore	2.2	2.9
Commonwealth & Southern	1.3	1.7
American Water Works	.6	.8
Lehigh Coal & Navigation	.5	.6
Total (including miscellaneous items)	$76.6	100.0%

Regarding the company's future plans, it will be necessary to dispose of most of the remaining holdings in the so-called "subsidiaries" in order to escape SEC jurisdiction as a holding company. But evidently United (and the SEC also) would like to see the subsidiary holding companies placed on "an investment basis" before making further exchange offers of portfolio assets for United's preference stock. Presumably the next offer might consist of Public Service of N. J. with the possible addition of United Gas Improvement and/or Delaware P. & L. and cash. The combination of the three stocks would be sufficient to retire over half of the remaining preference stock.

Before this is done, it seems probable that Public Service of New Jersey may effect (under SEC direction) some sort of a recapitalization plan, possibly merging with its subsidiary, Public Service Electric & Gas. The two companies have a number of noncallable security issues outstanding with high interest and dividend rates. Public Service Corporation's four issues of preferred stock (paying $5, $6, $7 and $8) can be retired at 100 in dissolution, but no similar provision has apparently been made for the 6% perpetual debentures (secured by 7% preferred stock of Public Service Electric & Gas along with other securities). It might prove necessary to "take care of" bondholders by giving them 150% in new mortgage bonds which would normally sell around 100 (the debentures are currently around 152); but this is a legal problem which may require court interpretation. In any event, "streamlining" of the combined operating companies' capitalization might work out favorably for common stockholders, since there would be a substantial reduction in the present heavy payments to preferred stockholders. While no definite move has been made toward initiating such a plan, it is conjectured that progress may be made during 1945.

United Gas Improvement has made very substantial progress toward completion of its integration program, and Delaware P. & L. is an operating company. Niagara Hudson Power's status may depend substantially on the outcome of the present contest between rival plans for recapitalization of Buffalo Niagara and Eastern. Columbia Gas has recently presented to the SEC a recapitalization plan, but the Commission has not indicated its reaction. It seems possible that any modification of the plan might be at the expense of the common stock.

Summarizing, United Corporation has made good progress thus far with its integration program. If Public Service Corporation of N. J. can be successfully recapitalized, this might substantially benefit United; on the other hand the eventual recapitalization of Niagara Hudson and Columbia Gas might prove somewhat disappointing. At present United's assets just about cover the amount to which preference stockholders would be entitled in liquidation. Eventually, some asset value may be built up for the common stock, but the principal obstacle lies in the huge number of shares—14,529,492.

* * *

In the last issue of this department, reference was made to a "black market" in the old Long Island Lighting stock. It is understood that the transfer books were closed by the company because of an order of the Circuit Court of Appeals. The whole question may be cleared up shortly by Court proceedings, which will determine whether the SEC has jurisdiction. It is understood that some, at least, of the brokers whose names have appeared "in the sheets" recently have no intention of establishing an over-the-counter market in the old securities, but merely wish to advertise their interest and advise customers regarding the situation.

Chas. F. Henderson Sons To Admit G. J. Falk

George J. Falk will become a partner in Charles F. Henderson & Sons, 29 Broadway, New York City, as of January 18th. Mr. Falk will acquire the Exchange membership of the late Charles F. Henderson.

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Carroll S. Bayne, formerly a partner in Luke, Bank & Weeks, will become a member of John H. Lewis & Co., 14 Wall Street, New York City, members of the New York Stock Exchange. Mr. Bayne holds a membership in the Stock Exchange.

Attractive Investment

The Public National Bank and Trust Company of New York offers an attractive investment, according to a memorandum which is being distributed by C. E. Unterberg & Company, 61 Broadway, New York City. Copies of this interesting memorandum may be had from the firm upon request.

Leslie Comptroller Of Bank of Manhattan

Following a meeting of the board of directors of the Bank of the Manhattan Company, F. Abbot Goodhue, President, announced the appointment of Richard H. Leslie as Comptroller, effective Jan. 1, 1945.

Richard H. Leslie

Mr. Leslie started his banking career with the Bankers Trust Company. In 1924 he joined the International Acceptance Bank and in 1929 became Auditor of that institution. The International Acceptance Bank was merged with Bank of the Manhattan Company in 1932. Mr. Leslie was appointed an Assistant Cashier in November 1932 and in 1937 Assistant Vice President.

Reports on Status of Dominion of Canada

Dominion government direct and guaranteed debt has increased from about $400 to $1,180 per capita, while gross annual carrying charges have increased 2¼ times, according to a survey on Canada by Wood, Gundy & Company, Incorporated, 14 Wall Street, New York City. The weight of gross carrying charges, continues the report, is substantially reduced through the return upon government investments in active assets which amounted to $48,000,000 in the fiscal year ended March 31, 1944. A large part of these charges return to the government since interest on all bonds outstanding in Canada is taxable.

Through domestic financing for new money requirements and through repatriation of bonds formerly payable in sterling or in United States dollars, nearly 95% of the total outstanding direct and guaranteed debt is now payable in Canadian funds, in comparison to 64% at Sept. 1, 1939.

War production to Nov. 30, 1944, excluding food supplies and metals, exceeded $8,350,000,000, and agricultural production in 1944 was about 40% higher than that in 1939. More than 80% of the government's disbursements during the five-year period were for war requirements, including $2,300,000,000, in mutual aid to the allies.

Total assets of the chartered banks from Aug. 31, 1939 to Aug. 31, 1944 shows an increase of 76% from $3,548,000,000 to $6,261,000,000 with dominion and provincial securities at 52% of the total assets compared with 33% in 1939.

An analysis of 40 industrial companies each with assets over $25,000,000 showed an increase from about $420,000,000 to $670,000,000 during the period from Dec. 31, 1939 to Dec. 31, 1943.

Copies of this interesting survey may be had from Wood, Gundy & Co. upon request.

Tomorrow's Markets Walter Whyte Says—

Inflation fears bring jump in stock prices. Utilities may now take place of zooming rails. Public on verge of hysteric buying.

By WALTER WHYTE

In the past few days the market has begun jumping as if somebody had given it a shot in the arm. The fact that it's advancing is all to the good. It's a lot easier on the eyes to see them go up than to watch them do nothing.

* * *

The advance, although it's nice to see, has a touch of hysteria about it that, to say the least, is disquieting. That old boogy man inflation is being trotted out again to scare nervous traders into fits. But the fear—or the hope—of inflation (depends on what side of the fence you are on) isn't as disturbing as the rumors of "big moves" that are now beginning to sweep through customer's rooms. For inflation is a real possibility. So far it has been kept in bounds by various edicts and ukases. Though everybody knows that the laws governing price ceilings are honored more in the breach than in the observance.

* * *

But rumors of "big moves" are something else. Few people will listen to a factual story where the market is concerned. Main reason is that the facts are often so plain that the lack of adornment makes them uninteresting. A plain statement that a certain stock is selling for ten times its earnings will get you nothing but yawns. But change the story around and say you understand from very close sources that the stock will be taken up ten points and right away your listeners are all agog. If you want to add a little spice, whisper the stock will also be split two or three for one and you've gotten hold of something.

* * *

That there is a lot of loose

(Continued on page 181)

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The Securities Salesman's Corner

Listed Securities As Account Openers.

By JOHN DUTTON

Many salesmen today are overlooking a real opportunity when they neglect to offer listed securities to their customers — and especially to their potential customers. It is true that one of the weaknesses in our present system of security distribution in this country is that SALESMEN CANNOT AFFORD TO SELL LISTED SECURITIES. No salesman, no matter how capable can afford to work for the small commissions allowed under present conditions. The commissions on listed securities were adopted to cover the cost of handling a volume of business and a volume of turnover. Commission rates now in effect are a throwback to the days when stocks could be carried on a 10% margin. "Speculation for a turn" cannot pay the higher SELLING COST, WHICH MUST BE COVERED, IF AN INVESTMENT ACCOUNT IS TO BE PROPERLY SERVICED. It is likewise a truth that the selling cost involved in handling an INVESTMENT ACCOUNT is much higher on a "per item basis" than in handling a trading account.

Because of this thoroughly unrealistic basis of compensation, which compels the security salesman to either sell listed securities on an "absolutely no profit basis," or on a very small mark-up, it is no wonder that salesmen SELL OVER-THE-COUNTER ISSUES. That is why the over-the-counter business has been growing larger every year. The over-the-counter firms are merchandising securities today. They are doing so because they have a product to sell that is in every way just as worthy of promotion and sale to their customers as listed securities — and they can operate at a profit when they do so.

However, listed securities can BE A VERY GOOD ACCOUNT OPENER. After all, there are a great number of investors who do read the papers, the financial items, and follow the quotations of many market leaders. There are also exceptional listed situations that have investment and speculative attractiveness of unusual interest. There can be no doubt that salesmen who sold reorganization railroad bonds to their customers during the past two years, have done a good turn for themselves, as well as for their customers. The majority of these issues have been listed and in most cases the salesmen who sacrificed their immediate profits by selling such securities on a very small "added commission basis" or "mark-up," have gained a great deal in customer good-will and confidence. The average security buyer (with few exceptions) wants profits. He may call himself an investor. He may tell you that he never looks at the quotations, and that it's safety of principal and income about which he is concerned, BUT HE REALLY DOESN'T MEAN IT. He means he wants all of these things — PLUS PROFITS!

So if you see a few listed securities that you really believe are attractive from a price appreciation, or an investment viewpoint, why not offer them EVEN IF YOU DON'T MAKE A DIME WHEN YOU SELL THEM? This is just good merchandising and sound sales psychology. It is based upon the same principle as "brand names." The customer who enters the little corner grocery store and picks up a can of Heinz's baked beans, does so BECAUSE HIS SALES RESISTANCE HAS BEEN REDUCED TO A MINIMUM. He isn't buying from John Jones the grocer, he's buying from Heinz. Someday, when he gets better acquainted with the grocer he'll buy some of his home-made pickles and maybe even his sauerkraut. But FIRST, HE MUST GET ACQUAINTED — THAT'S WHY IT PAYS THE GROCER TO SELL HEINZ, EVEN THOUGH HIS MARK-UP IS BETTER ON HIS OWN BRANDS.

In every list of recommended securities SOME LISTED, WELL KNOWN MARKET LEADERS, SHOULD BE INCLUDED. You may be surprised to see how sales resistance drops — especially in opening new accounts—if you follow this procedure.

Railroad Stocks Should Follow Railroad Bonds

An Address by
Patrick B. McGinnis

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Railroad Securities

It had almost become axiomatic that traders could liquidate stocks of railroads emerging from reorganization when such stocks were actually issued or when they were initially listed on the New York Stock Exchange, replacing them later at more advantageous prices. Settling up of when-issued contracts, sales by holders who did not wish to take up the actual securities, and the natural digestive process all combined adversely to affect the market action of the new stocks. Normally it has taken anywhere up to six months for these influences to run their full course. This tradition was broken last week with the issuance and listing of the new Western Pacific securities.

The new West. Pac. com. stock, which traded at 29¾ (ex a $9.00 dividend) the first day had advanced to 38 before the end of the first week. In fact the demand for the stock so far exceeded the supply that on some days it was an hour or more after the market opening before it was possible even to trade in the shares. Similarly, the preferred stock traded the first day at 64¼ (ex a dividend of $15.81) and had risen to 73 before the week was out. Rail men have long been pointing out the Western Pacific securities as being among the most attractive in the rail field. This has not been the only market factor, however. The small floating supply has also had an influence.

The new company has outstanding 318,502 shares of preferred stock and 319,441 shares of common. The floating supply, however, is considerably smaller, particularly in the case of the common stock. More than 7% of the preferred stock and about 28% of the common stock was allocated in reorganization to the RFC, the RCC, and the A. C. James Co. There were only 230,593 shares of the common and 295,741 shares of the preferred actually issued to the public, and a good share of this had been put away for more or less permanent investment.

The reorganization itself set up a very conservative capitalization and it is generally expected that this will be further strengthened in the relatively near future. Aside from equipments fixed interest debt is confined to $10,000,000 of 1st 4s which the court ruled had to be sold to the RFC to carry out the provisions of the plan. It's quite possible that this mortgage may be paid off in full in cash. If not, it is the general consensus that it could be refunded publicly at a considerably lower interest cost.

The only other debt is $21,219,000 of Income 4½s. This issue has a more liberal sinking fund than is general among reoganization issues. Aside from the usual ½ of 1% of the maximum face amount of bonds outstanding there will be added interest on the bonds retired by the sinking fund. The company came into existence with five years' accumulations in the fund. Moreover, if the company does not pay off the 1st Mortgage bonds it is considered quite possible that treasury funds might be used for additional retirements of the Income bonds. The bonds are not only fundamentally in a strong position, but, also, they have an added measure of speculative appeal on the basis of the conversion privilege. They are convertible into the common stock at $50 a share.

The road has been completely rehabilitated physically during the bankruptcy period. Also, its prospects are brightened by secular growth of large parts of the service area, new traffic sources generated by the connection in northern California with Great Northern completed in the 1930s. and the transcontinental traffic prospects inherent in the increased use of the Dotsero Cut-off of the connecting Denver & Rio Grande Western. Earnings prospects will be enhanced considerably by expected completion this year of the large C. T. C. program. Thus even in normal times the new equities are expected to show highly gratifying earnings results. The preferred has one point of appeal not found in other railroad preferreds in that it participates equally with the common in additional dividends after the lateer has received $3.00 a share in any year.

Michigan Municipal Quotation Sheet

Crouse, Bennett, Smith & Company announce the release of their periodical Michigan Municipal Bond Quotation Sheet. Harold R. Chapel, Manager of the Municipal Bond Department who compiled the quotations, states that the publication is one of the most complete the firm has published. It shows a brief description of nearly all of the municipal bonds outstanding in the State including purpose, interest rates, maturities and the approximate market. Copies may be secured free upon request from Crouse, Bennett, Smith & Company, 280 Penobscot Building, Detroit 26, Mich.

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Speculative Potentialities

Boston & Maine Income 4½s of 1970 offer interesting potentialities, according to a circular issued by McLaughlin, Baird & Reuss, One Wall St., New York City, members of the New York Stock Exchange. Copies of this circular may be had from the firm upon request.

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Boston Albany Interesting

Boston & Albany 8¾% stock offers an interesting situation according to a memorandum contained in the current issue of B. W. Pizzini & Co.'s "Railroad Securities Quotations". Copies of this publication, containing quotations on guaranteed stocks, underlying mortgage railroad bonds, reorganization railroad bonds, minority stocks, and guaranteed telegraph stocks may be had upon request from B. W. Pizzini & Co., 55 Broadway, New York City.

Attractive Power Issue

Common stock of the Arkansas Missouri Power Co. offers an attractive situation, according to a memorandum prepared by Cohu & Torrey, One Wall Street, New York City, members of the New York Stock Exchange. Copies of this memorandum may be had from Cohu & Torrey upon request.

Situation of Interest

Midland United preferred offers an interesting situation according to an analysis prepared by Ira Haupt & Co., 111 Broadway, New York City, members of the New York Stock Exchange and other principal exchanges. Copies of this study may be had from the firm upon request.

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Real Estate Securities

Each day brings higher and higher prices for real estate securities. This rise is mainly predicated on better and better earning statements being issued by the ownership corporations.

It is generally conceded that the improvement of earnings is occasioned, for the most part, by continued capacity occupancy rather than by increases of rent for the occupied premises.

As we pointed out in a former article, this capacity occupancy is radically different than normal operation of real estate. Before this current boom it was not unusual to expect from 10% to 15% vacancies and actual experience has shown as much as 45% vacancies in hotels, 25% vacancies in apartment houses and commercial properties.

Should this current capacity occupancy continue for any great length of time, it is entirely possible that the excess income of these properties will be used for amortization of debt-reducing real estate bond issues to a level where they may become prime investment material at prices even considerably higher than at which they are now selling.

It is, therefore, important to ascertain the duration of which we can expect continued good occupancy. Along these lines, it is interesting to compare the real estate experience of World War I.

In 1917 there was no serious housing shortage; it did not make itself felt until a year after Armistice Day. The percentage of vacancies in apartments throughout the city was 5.06% in 1916, 3.66% in 1917, 2.18% in 1919. By April, 1920, however, the percentage had dropped to 0.36 and reached the vanishing point (0.15%, to be exact) in February, 1921. For it was not until families began to unscramble themselves after their fighting men had been released, that New York developed a crucial housing shortage. A special session of the Legislature was called to enact drastic legislation for the control of rents and for the stimulation of new construction.

Today the percentage of vacancies in habitable quarters is down pretty much to the fraction of 1% that it reached in 1920. At the close of the war in Europe thousands of men who may not be needed to crush Japan or to complete the pacification of Germany will be released. These first large contingents of returning veterans will occasion a rapid increase in the number of reunited families acting on a long-frustrated homing instinct. It's then that the shortage will become intolerable.

No doubt this heavy demand for housing will inspire some new construction of apartment houses post-war. However, the probable increase in cost of this new construction will cause higher prices for the new housing accommodations as compared to the present structures covered by bond issues and will place these bond-issue properties in a very good competitive position.

All things considered, it probably looks as though present housing properties will have boom business for a great many years to come, which seems bullish indeed for bond issues covering living quarters.

We would suggest that special attention be paid to the various New York Title group issues, which will probably receive a maximum benefit from the current housing crisis in New York. Collateral securing these New York Title group issues, in many cases, consist of private homes, six-story elevator apartments and tenement houses. These group issues can be identified under the following titles:

New York Title & Mortgage—Series BK, Series C, Series C2, Series F, Series F1, Series Q, Series Q1.

1944 Steel Production Sets New High Record

For the fifth consecutive year, steel production in the United States established a new tonnage record during 1944, the American Iron and Steel Institute announced on Jan. 9. Total output of open hearth, Bessemer and electric furnace steel last year amounted to 89,552,961 net tons, an increase of more than 716,000 tons over the 1943 total of 88,833,366 tons.

In 1940, the first of the five consecutive record years, steel production in the United States was 66,981,662 tons, or about two-thirds of the total for the latest year.

Steel output in December was announced by the Institute at 7,338,299 net tons, compared with 7,273,908 tons in the preceding month, and 7,255,144 tons in December, 1943.

During December operations averaged 92.3% of rated capacity, against 94.3% in November, a shorter month, and 94.2% in December, 1943. The average operating rate for the whole of 1944 was 95.4% against 98.1% of the smaller capacity in 1943.

Record steel tonnages produced in 1944 reflected expansion of open-hearth operations, more than offsetting declines in both Bessemer and electric furnace steels. Open-hearth output for the year 1943 totaled 80,354,771 net tons, compared with 78,621,804 for 1943. Bessemer steel production for 1944 was 5,040,150 tons, compared with 5,625,492 tons in the preceding year, and electric furnace steel output amounted to 4,158,040 tons, compared with the record of 4,598,070 tons established in 1943.

Hervey Russell Vacationing

Hervey L. Russell has been vacationing in St. Petersburg, Fla. and will return to New York this week. Mr. Russell has been active in the investment business with particular interest in high grade bonds suitable for trust funds. During 1943 and 1944 he has devoted most of his time to renegotiations, serving war contractors as consultant. He will continue to act in this capacity during 1945. His offices are located at 10 Park Avenue, New York City.

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION

As a part of the Post-War Planning Program of the National Security Traders Association, a National Educational Committee has been established. It will be the function of this Committee to prepare and have put into operation as soon as feasible lectures and study courses for returning service personnel and others who wish to enter the trading division of the securities industry. It is expected that each of the twenty-four affiliates will, in their respective localities, sponsor and offer the course as planned and outlined by the National Committee.

Paul I. Moreland

Paul I. Moreland (Allman, Moreland & Co., Detroit), National Educational Committee Chairman, announced the completion of his Committee Membership as follows: Peter V. Feil, Vice-Chairman (Langill & Co., Chicago); Elwood S. Robinson (A. Webster Dougherty & Co., Philadelphia), Harry Reed (Loeb, Rhoades & Co., New York), Joseph Gannon (May & Gannon, Boston), Stanley G. McKie (The Weil, Roth & Irving Company, Cincinnati), John Latshaw (Harris, Upham & Co., Kansas City), Irving J. Rice (Irving J. Rice & Co., St. Paul), and John C. Hecht (Butler, Huff & Co., Los Angeles).

CINCINNATI STOCK AND BOND CLUB

At an election held recently the following officers were named by the Cincinnati Stock and Bond Club for the year 1945:

President—Clair S. Hall, Jr., Clair S. Hall & Co.
First Vice-President—W. Power Clancey, W. P. Clancey & Co.
Second Vice-President—Franklin O. Loveland, Field Richards & Co.
Secretary—Lloyd W. Shepler, Merrill Lynch, Pierce, Fenner & Beane
Treasurer—Clifford H. Grischy, Edward Brockhaus & Co.

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Lloyd W. Shepler

The following, together with the officers, compose the trustees of the Club:

Neil Ransick, Charles A. Hinsch & Co.
R. B. Isphording, Van Lahr, Doll & Isphording
Stanley G. McKie, Weil, Roth & Irving Co.
John E. Joseph, John E. Joseph & Co.
George C. Riley, W. E. Hutton & Co.
Retiring President—John G. Heimerdinger, Walter-Woody & Heimerdinger.

SECURITY TRADERS ASSOCIATION OF DETROIT AND MICHIGAN

Ralf A. Crookston of Hornblower & Weeks, Detroit, Chairman of Membership Committee of Security Traders Association of Detroit and Michigan, reports an all-time high of 147 for membership in the Detroit and Michigan affiliate. The previous high mark was in 1937, when a total membership of 129 was reported.

Of the 147 active members, 10 are serving in the Armed Forces and are doing their part in all parts of the world. None have thus far been reported as casualties.

In addition to the active members, two associate memberships are also reported.

Calendar of Club Events

National Committee of the National Security Traders Association—Meeting, Jan. 31, at 1 p.m., Palmer House, Chicago.
Baltimore Security Traders Association—Annual Winter Dinner, Jan. 26.
Boston Security Traders Association—Annual Winter Dinner, Feb. 21.
Chicago, Bond Traders Club of—Annual Banquet and Presentation of Incoming Officers, Jan. 30.
Philadelphia Investment Traders Association—Annual Winter Dinner, Feb. 9.

Interesting Situation

Mid-Continent Airlines, Inc. has interesting possibilities according to a memorandum on the situation issued by Sulzbacher, Granger & Co., 111 Broadway, New York City, members of the New York Stock Exchange. Copies of this memorandum may be had from the firm upon request.

Joseph Meacham to Be Stevens & Legg Partner

Joseph Meacham, member of the New York Stock Exchange, will become a partner in the Stock Exchange firm of Stevens & Legg, 11 Wall Street, New York City. Mr. Meacham has been a partner in John H. Lewis & Co.

SAN FRANCISCO TRADING IN NEW YORK STOCKS

Twenty-two stocks traded on the New York Curb Exchange are also traded on the San Francisco Stock Exchange between the hours of 10 a. m. and 5:30 p. m. (E.W.T.)

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Outlook For Rail Stocks

Roger W. Babson Fears They Are Too High

Roger W. Babson

BABSON PARK, FLA.—Wall Street is always too bearish or too bullish. These brokers are honest, but very temperamental. Two years ago, when railroad stocks were selling for 30% of their present prices, the average Wall Streeter would not touch them. Today, at three times those 1942 prices, they are urging that rails be purchased.

Advantages of the Rails

Many good things can be said for the railroads. They have done a wonderful job during the war and are entitled to much credit. Many of the roads have reduced their debt or now have large bank accounts. Also, they are benefiting from low interest rates. They have a better standing with the government because they have demonstrated they are essential to winning the war. The U. S. will henceforth protect its railroads as a part of any program for military preparedness.

It also should be remembered that the railroads must, to some extent, share with any prosperity ahead. If we are to have a postwar national income of from $100 to $120 billions a year, the railroads' postwar gross earnings must exceed their prewar earnings. This I believe is possible, but I ask, "Have the prices of most railroad stocks and income bonds not already more than discounted this?"

Disadvantages of the Rails

The **gross** earnings of the railroads will, however, **not** increase proportionately to the national income. The railroads will have much more competition after the war than before. The new great pipe lines which have been built will take away much of their oil business. The resumption of both coastwise shipping and river transportation should materially reduce the earnings of such roads as Atlantic Coast Line, Seaboard and Illinois Central. Southern Pacific, Atchison and other transcontinentals, will suffer from the opening of the Panama Canal. Also they will have more airplane and bus competition.

Most railroads are today in poor shape physically. They must spend billions after the war, not only for new equipment but for maintenance of roadbeds, tracks, bridges, stations, etc. This maintenance is being greatly neglected today. Personally, I had much rather buy the stocks of companies which sell equipment to the railroads than to buy the stocks of the railroads.

Inflation and Labor

Some brokers claim that the railroads will profit from inflation, but I don't see this unless they get a greater increase in freight rates. All these must be approved by the I.C.C. and these bureaucrats act very slowly. Increased rates seldom keep up to the increase in the prices of the hundreds of things which the railroads must buy.

Inflation will result in higher living costs which will mean that railroad labor will demand increased wages. Railroad engineers, firemen, conductors, freight men, station agents and common labor are well organized. As soon as the war is over they will demand higher wages and will get them. In fact, during peacetimes, railroad labor has "skimmed the cream" about as fast as it rises, leaving only the skimmed milk for investors.

Net Earnings of Prime Importance

Although equipment concerns and railroad labor profit from large railroad **gross** earnings, yet we may see such greater gross earnings during the postwar period without investors profiting therefrom. Investors are interested only in what the railroads have left **as net** earnings **after** the increases in the cost of labor, equipment, supplies, etc. I now see little chance for increased net earnings. Most things point to **lower** postwar net.

Most holders of railroad stocks admit that lower net earnings and lower stock prices are ahead for the rails; but 90% of investors say: "We will wait until the war is over before selling." I reply: "Tell me who is going to buy the rails when all you present holders try to sell at one time?"

Conclusions

Begin now to unload rail stocks and income bonds. Don't try to "hit the top." The fellows who buy from you must have some chance for a profit in order for them to risk buying rails. Don't be a hog; but be satisfied with a fair profit. The longer we keep a good fish dangling on a hook, the better are his chances of getting off! Then we lose him altogether.

Lovett Abercrombie Opens in Houston

HOUSTON, TEX.—Lovett Abercrombie has formed Lovett Abercrombie & Co. with offices in the First National Bank Building, to act as participating distributor and dealer in Texas municipal bonds and corporate stocks and bonds. Mr. Abercrombie was formerly a partner in Gregory, Eddleman & Abercrombie.

Oil Earnings

In a current memorandum Paine, Webber, Jackson & Curtis, members of the New York Stock Exchange and other principal exchanges, have prepared an interesting tabulation of earnings of certain oil companies. Copies of this information may be had upon request from Paine, Webber, Jackson & Curtis, 25 Broad Street, New York Ctiy.

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Municipal News & Notes

The second day of January, 1945, may well prove to have been the most eventful date in the history of State and municipal finance. For it was on that day, as was noted in this space briefly last week, that the issue involving immunity from Federal taxation of State and municipal bonds income finally reached the nation's highest tribunal. True enough the court, in merely refusing to review the Port Authority and Triborough Bridge Authority cases, obviously disappointed those who were hoping for a clear-cut adjudication of the question. This fact in no sense, however, dulls the significance and importance of its act insofar as the States and local governments, not to mention municipal bond dealers and investors, are concerned.

For the court, in refusing to take jurisdiction over a question that has long plagued all segments of the municipal bond market, may possibly have given its approval of lower court rulings in the case at issue. This, in effect, seemingly marks finis to the long-standing threat to the tax-exempt status of bonds issued by the States, counties, cities, districts, as well as "authorities".

The reaction of the Treasury Department to the court's decision may be gauged from the report that it has proceeded to remit the taxes and fines to the several Port and Triborough bondholders who were the apparent targets of the litigation.

The action of the Treasury, therefore, would seem to suggest that it is reconciled to the futility of pressing the matter further, in the courts at least. Furthermore, considering the repeated refusals of Congress to enact a statute, "short and simple", or otherwise, it does not seem logical to expect any further attempts in that direction. Accordingly, the action of the Supreme Court apparently marks the conclusion of the long fight waged by the present administration to end tax-exemption on local government securities.

While the basis of the litigation just ended dealt primarily with the tax-exempt status of Port and Triborough Authority bonds, this was but incidental to the Government's main objective. Actually the Treasury Department, which brought the action via the Internal Revenue Department, had made no secret of the fact that its avowed objective was to eliminate, by court action, the legal exemption from Federal taxation enjoyed by all State and municipal bonds.

The first round in the legal proceedings was contested in the Tax Court of the United States, with the Government contending that the above-mentioned authorities were not local subdivisions because of the so-called "proprietary" nature of their functions. Thus the Government argued they could not claim tax-exemption for their bonds under the provisions of the Internal Revenue Acts granting such immunity to bonds of States and municipalities. As a prelude to the suit, the Treasury had levied and collected taxes and fines on bond interest received by several holders of Port Authority and Triborough bonds.

The Port of New York Authority resisted the Government's claim in behalf of all of its bondholders. Joining in the defense was the Conference on State Defense, composed of innumerable State and municipal officials, which was created several years ago for the express purpose of combating the Government's program. It was this agency, incidentally, under the direction of Austin J. Tobin, who is also Executive Director of the Port of New York Authority, which was largely responsible for the successful fight waged on behalf of local governments both in Congress and the courts.

After lengthy hearings and the admission of voluminous evidence by both sides, the Tax Court handed down a decision on Jan. 28, 1944, ruling against the Government. In a 10 to 5 decision, the court held that both the Port and Triborough agencies were, in fact, political subdivisions of a State and their bonds accordingly tax-exempt.

The Government appealed the Tax Court decision to the Federal Circuit Court of Appeals and this body, in a decision on Aug. 24, 1944, again ruled in favor of the authorities. As was expected the Government carried the case to the United States Supreme Court and petitioned that body for a writ of certiorari, with a view to court review of the lower court decisions. This request, made by the U. S. Solicitor General, was, on Jan. 2 last, refused by the court, and thus ended, according to all indications, the final round in a dispute that has dragged on for more than a decade.

Attractive Equity

Common Stock of Bullock's, Inc. is one of the most attractive equities in the retail merchandising field, according to a detailed memorandum on the situation issued by Maxwell, Marshall & Co., 647 South Spring Street, Los Angeles, Calif., members of the Los Angeles Stock Exchange. Copies of this interesting memorandum may be had from the firm upon request.

ADVERTISEMENT

NOTE—*From time to time, in this space, there will appear an article which we hope will be of interest to our fellow Americans. This is number seventy-one of a series.*
SCHENLEY DISTILLERS CORP., NEW YORK

From "Down Under"

From somewhere in the Southwest Pacific comes one of the most interesting letters from a lad who, too, has post-war plans. He addressed his letter to Schenley Distillers Corporation and says that, while he, along with millions of other American boys, is at present "employed", he is giving serious consideration to his personal post-war plans, "if everything goes as well as they have been going."

We have received a number of such letters from Australia, North Africa, "somewhere in Italy", "somewhere in France" and from way up in Iceland, but there is something unusual in this latest letter and we are going to quote a couple of paragraphs verbatim. Here they are:

"I can sum up my post-war aims very simply. I seek no special privileges, no public bounties, no paeans of praise. All I ask is that I be provided the opportunity to work in peace, to produce the many things that the pursuit of war necessarily denies us. All I want is the chance to earn a decent American living for myself and for the family I undertook to start—until the needs of our country demanded a temporary halt. I do not consider myself a special case. I quite well realize that many of my buddies are in exactly the same position as I. If I could, I would speak for them as well, but I am of no importance in that respect.

"I am twenty-five years of age, married and have a child of two. I realize that you have the problem of your own employees at present in the service, and I would be the last person in the world to wish to compete with them for their jobs."

This lad then hopes that he may have an interview "when I get my job done over here."

He closes his letter, "May I hear from you in this respect? I feel very grateful for your consideration and I pray and hope that I will be around to read your answer—if you answer."

Our answer? Well, that just doesn't belong here. But you can wager that *with* our answer goes our prayer that he be "around" when it arrives.

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PHILADELPHIA, PA.—Charles W. Collom, William Raffel and Michael P. Rooney have formed Collom, Raffel & Co. with offices in the Fidelity Philadelphia Trust Building, to engage in a general investment business. Mr. Raffel was formerly with the trading department of Hopper, Soliday & Co.; Mr. Rooney was an officer of Philadelphia Acceptance Corporation; Mr. Collom in the past was with E. H. Rollins & Sons, Inc.

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Chicago Brevities

Pullman, Inc., is entering the petroleum engineering field. While the attention of followers of the company was concentrated on Pullman's disposal of its sleeping car business, the company was negotiating the acquisition of all the outstanding stock of M. W. Kellogg Co. of Jersey City, N. J., one of the largest engineering companies in the country in the petroleum, refinery and chemical construction fields.

Pullman will pay cash for the stock at a price to be determined, it was announced.

Meantime, M. W. Kellogg, president of the engineering firm, has been elected to the board of directors of Pullman, Inc. No executive changes in Pullman are contemplated, it is understood. The Kellogg company is to be operated as a separately incorporated member of the Pullman group of companies, and its activities together with those of its subsidiaries directed "toward intensive cultivation of their present industrial fields and possible further expansion in these fields."

As of Dec. 31, 1942, the privately owned Kellogg company had total assets $25,137,457 and current liabilities of $10,535,326. The outstanding stock was not reported.

* * *

With a view to making Chicago he air hub of the world, Gov. Green declared he would recommend to the Illinois General Assembly creation of a department of aeronautics to co-ordinate all State activities in the field of aviation.

Civic leaders and groups are united in their aim to make Chicago the air capital of the world although agreement on location, method of financing, and other important details are yet to be worked out.

* * *

A plan of reorganization for the Alton Railroad Company was filed by Henry A. Gardner, trustee, in the United States district count in Chicago on Jan. 2.

Both stocks and bonds of the company have been strong in recent trading. LaSalle Street sources believe, however, that this has been more in sympathy with the general rise and activity in rails, with prospects of continued good earnings now that hope of an early peace in Europe has diminished, rather than on the possibility of an early reorganization of the carrier.

* * *

The Pennsylvania Railroad Company and the Pere Marquette Railway are among carriers understood to be planning debt refinancing this year. The Pennsylvania may refund $56,000,000 of its general mortgage 3¾%

bonds and the Pere Marquette, $21,500,000 of its first mortgage 4½s of 1980, $26,000,000 of its 5s, and $4,000,000 of its 4s of 1956.

Among utilities, Kentucky Utilities may refund $21,000,000 of its first mortgage 4s and approximately $5,500,000 of its 4½s.

* * *

Stockholders of A. G. Spalding and Brothers, Inc., will be asked on Feb. 20 to vote on resolutions amending the certificate of incorporation which would (1) change the name of the first preferred stock to preferred stock; (2) set the par value at $50 from no par; (3) increase the annual $2 cumulative dividend to $2.25 a share and (4) reduce the number of shares of the issue which must be retired as a condition precedent to payment of a common dividend.

In addition, it is proposed to issue rights, expiring Nov. 1, 1949, to convert one share of preferred into four shares of common and to increase the authorized common stock from 500,000 to 750,000.

The steps proposed would clear the way for payment of a common dividend.

Edward Prosser to Be Hicks & Price Partner

CHICAGO, ILL. — Edward T. Prosser will be admitted to partnership in Hicks & Price, 231 South LaSalle Street, members of the New York and Chicago Stock Exchanges and other exchanges on January 18. Mr. Prosser has been with the firm for some time in charge of the statistical department.

Ernest E. Bell Joins Daniel F. Rice & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Ernest E. Bell has rejoined Daniel F. Rice & Co. Board of Trade Building, members of the New York and Chicago Stock Exchanges. Mr. Rice was recently with the Federal Reserve Bank in Chicago. In the past he was with Daniel F. Rice & Co. and was an officer of The White-Phillips Co., Inc.

Chicago Recommendations

Brailsford & Co., 208 South La Salle Street, have prepared up-to-date earnings and current comment on **Chicago North Shore & Milwaukee RR.**, copies of which are available on request.

Caswell & Co., 120 South La Salle Street, have prepared an interesting circular discussing the attractive post-war outlook for **Central Steel & Wire Co.** Copies of this circular are available from the firm upon request.

Comstock & Co., 231 South La Salle Street, have a new four-page brochure on **Long-Bell Lumber Co.**, copies of which are available on request.

Doyle, O'Connor & Co., Inc., 135 South La Salle Street, have prepared a bulletin on **Matthiessen & Hegeler Zinc Co.** Copies may be had from the firm upon request.

Fred W. Fairman & Co., 208 South La Salle Street, have an engineering report on the **Garrett Corporation**, available upon request. Also ready for dealers is a brochure and statistical information covering the **Magnavox Co.**

Thomson & McKinnon, 231 South La Salle Street, have an interesting discussion of the outlook for the **Tobacco Companies**, which is featured in their Stock Survey. Copies of the Survey will be sent by the firm upon request.

Chicago S. E. Head Summarizes Results

Harry M. Payne, Chairman of the Board of Governors of the Chicago Stock Exchange, in summarizing the results for the year said:

"Nineteen hundred and forty-four has been an important year for the Chicago Stock Exchange Approximately 20 new and substantial firms have been added to the membership during the year. This represented an unusual expansion not only in the sphere of influence of Exchange members but in the broadening of participation in markets on the Exchange itself. This expansion has taken place principally within the territory we seek to serve."

Mr. Payne added: "Improvement in Exchange trading and operating techniques has been inaugurated during the year, and our plans call for additional progressive steps during 1945. We shall continue to fulfill our patriotic duties while working in the interests of the industries and the public of a fast growing Middle West."

Lloyd & de Geus Form Investment Firm

(Special to The Financial Chronicle)

JOLIET, ILL.—Lester Paul de Geus and George Powell Lloyd have formed Lloyd & de Geus with offices in the Rialto Square Building, to engage in an investment business. Both partners were previously with the Illinois Securities Company.

Chase National Bank Announces Promotions

The Chase National Bank on Jan. 10 announced the following promotions in the official staff of the Bank:

As vice-presidents: Walter E. Dennis, Henry J. MacTavish, Harold F. Moeller, Leslie W. Snow and Joseph D. Whittemore.

As second vice-presidents: George W. Allen, John I. Brooks, Jr., Robert L. Cudd, John C. Holt, J. Frank Honold, Woodruff Johnson, J. Everett Kunzmann, William Lange, Jr., Frank N. Powelson, William A. Rawson, James J. Rogers, Andrew S. Ross, Alfredo N. Ruz, Lester E. States, Lowell E. Ullery and Cornelius Van Zwart.

Ove Vett Now With Paine, Webber & Co.

(Special to The Financial Chronicle)

CHICAGO, ILL.—Ove Vett has become associated with Paine, Webber, Jackson & Curtis, 209 South La Salle Street. Mr. Vett for many years was with Stifel, Nicolaus & Co., Inc.

Hello there, you people—remember me?
I'm little Joe Utalin*—plain as can be.
Tho' I'm just a helper, I'm here to inject
Some potent remarks—just in retrospect.
We worked like the dickens, as you can see,
To earn our proud E flag in forty three.
But 'twasn't enough—we worked harder and more
Our reward was a star—come June forty four.
Now we have just heard, send up an amen,
We've just been awarded an E star again.
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Wisconsin Brevities

The Marathon Corp. for the fiscal year ended Oct. 31, 1944, reports the most successful year in its history. Not only were consolidated net sales the highest but the resulting profits show a decided improvement over past years' operations. Sales were $29,856,031, an increase of $4,471,771 or over 17% above 1943. Net earnings available to stockholders amounted to $1,603,016 as compared with $1,286,137 for 1943. This was an increase of $316,879, or 24%, after provisions for income and excess profits taxes aggregating $4,375,628 as compared with $3,721,921 for the previous year.

Profits available to common stockholders were equivalent to $3.75 per share on the present stock outstanding, or $7.50 per share on the basis of the old stock of $25 par value, which compares with $6.08 per share for the fiscal year 1943.

Net working capital at the end of the fiscal year was $7,287,694 as against $6,104,316 at the end of the previous year.

* * *

The Wisconsin Bankshares Corp., for the ten months ended Oct. 31, 1944, reports a net income of $978,106 after Federal and State income taxes. This compares with $875,276 reported for the year ended Dec. 31, 1943.

* * *

A bondholders' committee submitted to the Interstate Commerce Commission on Dec. 27 a proposed reorganization plan for Wisconsin Central Railway, calling for a reduction in capitalization of $37,305,880.

Submitted by the protective committee for holders of the carrier's first general mortgage 50-year 4% bonds, due July 1, 1949, the plan lists present total capitalization at $48,127,190.

Holders of general mortgage 4s would receive for each $1,000, $190 in cash, $450 in first mortgage 40-year 4% A's, and $626.40 in new general mortgage 60-year 4½% income A's.

For each $1,000, holders of Superior & Duluth Division 4's due 1936 would receive $1,001.97 in new capital stock; holders of first and refunding mortgage 4's, due 1959, would receive $1,359.95 in new stock, and holders of first and refunding mortgage 5's, due 1959, would receive $1,000 in new stock.

Present stockholders would receive nothing. Marshfield & South Eastern mortgage 4's, due 1951, and equipment obligations would be undisturbed.

* * *

Net income for the fiscal year ended Oct. 31, 1944, of $260,497 is reported by the Nunn-Bush Shoe Co. of Milwaukee. This profit compares with earnings of $266,836 in the previous year. Henry L. Nunn, President, in his report to stockholders, said that out of every gross dollar earned during the year 57c went for taxes, 16c for the retirement fund, 5c to preferred stockholders, 11c to surplus and reserves and 11c to common stockholders.

Praising the employees for their work during the year, President Nunn went on to tell stockholders: "Figures could perhaps be supplied to indicate to stockholders the reasons for this expression of management's pride. But no figures can tell the story of high maintenance and quality standards in spite of very trying manpower and material shortages."

The statement revealed that gross profit on sales during the year was $3,245,000 against $3,533,000 in 1943. The decline in dollar volume was due to a drop in sales to the Navy, independent wholesalers and the firm's own retail outlets which are located in the principal cities of the nation.

Carter With Nat'l Securities & Research On Pacific Coast

Douglas Laird, Vice-President of National Securities & Research Corporation, 120 Broadway, New York City, announces that Rufus Lee Carter has joined that organization as an addition to the wholesale staff on the Pacific Coast. Mr. Carter will be associated with Warren G. Harris, Resident Vice-President in the Los Angeles, California, office at 634 South Spring Street, and represent the company in the States of Colorado, Oregon, Utah and Washington. Mr. Carter has had considerable experience in the field of investment funds, to which he returns after several years in war work.

Interesting Situation

Lipe Rollway Corporation offers an interesting situation according to a circular prepared by Herrick, Waddell & Co., Inc., 55 Liberty Street, New York City. Copies of this release may be had from the firm upon request.

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Standard Silica Corporation

The operations of Standard Silica Corporation, with properties in Ottawa, Illinois, 85 miles southwest of Chicago, are unique among those of middlewestern companies in that they are primarily confined to the mining and processing of minerals. Aside from coal mining and oil production, Illinois and other midwestern States are generally not considered as important mineral producers. However, Standard Silica Corporation is one of the nation's leading producers of silicon dioxide, or silica, a highly important and widely used industrial mineral. Over 5,000 freight carloads per year of this essential mineral are mined and processed by the company, and shipped to customers in practically every one of the 48 States.

The company owns outright over 200 acres of mineralized deposits, and the operation is fully integrated from the raw material in the quarries to the finished product packaged and shipped in multiple-wall paper bags. The modern plant contains washing, separating, drying, screening, grinding and packing equipment all representative of the latest state of the art. The company is among the largest grinders of silica flour and pulverized quartz in the world. Three acres of the property are leased to Cargill, Inc., and improved by large grain elevators recently constructed by the Cargill company.

The material produced by this company is essential in the manufacture of steel, aluminum, magnesium, various electrical equipment, chemicals, glass, ceramics, and building materials. Major customers include such important manufacturers as Johns-Manville, Procter & Gamble, Allis-Chalmers, and the leading steel, electrical, and automotive manufacturers. Regular carload shipments are being made direct to both Army and Navy, for use in connection with the manufacture of various items of munition.

The company's record is one of steady growth during the past twenty-five years. A brochure published for the company by R. R. Donnelley & Sons Company, "Silica in Industry," is a veritable treatise on the subject of silica, one of the most important of industrial minerals. Replies to a recent questionnaire sent to customers of the company, indicate over 200 end-uses of the material in nearly every major industry.

Directors of the company include Max McGraw, President of McGraw Electric Company, and other corporations; E. Perry Holder, President of Wickwire Spencer Steel Company; H. E. Devereaux, Vice-President and Trust Officer, Lake Shore National Bank; R. L. Corey, principal of Northern Engraving & Manufacturing Co.; and the company's president, Hamilton Allport. Lieutenant Commander William S. Covington is "on leave" as a director of Standard Silica Corporation, is presently commanding officer of Navy Diesel Repair Station at a foreign base.

Mr. Allport, a graduate of Cornell University, received his early training with the General Electric Company and the New York Central Railroad, following which he became Assistant to the President and Chief Engineer of The Glidden Company, a number of whose products such as zinc, oxide, white lead, and lithopone are minerals which are generally similar to the products of Standard Silica Corporation. Mr. Allport is a member of the boards of directors of various other corporations, and of the leading engineering societies.

Other personnel associated with the company include William C. Cook, Vice-President, formerly Vice-President of the Central Trust Company; and A. D. Bryant, mining engineer, for many years with the New Jersey Zinc Company and the Cerro de Pasco Copper Company.

Firm Name Is Now Stoetzer, Faulkner

DETROIT, MICH.—The firm name of Stoetzer, Carr & Company, Penobscot Building, has been changed to Stoetzer, Faulkner & Company. Partners are Robert R. Stoetzer, a principal of the former firm, and George L. Faulkner, who was manager of the bond department.

Stoetzer, Faulkner & Co. are members of the Detroit Stock Exchange, with Mr. Stoetzer holding the Exchange membership.

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Bank and Insurance Stocks

This Week — Bank Stocks

By E. A. VAN DEUSEN

New York City Bank stocks did well during 1944, though they did not close at their highs, which were reached earlier in December. As measured by the American Banker index, they closed the year at 45.8 compared with 38.0 on Dec. 31, 1943, a gain of 20.5%. The high for the year, however, was 46.8 on Dec. 9. By way of comparison, the Dow Jones Industrial Average moved from 135.89 on Dec. 31, 1943 to 152.32 on Dec. 31, 1944, a gain of 12.1%.

The average gain of 20 New York Clearing House banks, as shown in the accompanying tabulation, was 25.6%. This average, however, is distorted somewhat by the exceptionally high gain of 113.3% by Title Guarantee & Trust, which moved from 5⅝ to 12. Better than average gains were made by Continental, 39.1%; Public National, 37.5%; Bank of Manhattan, 32.4%; Fifth Avenue, 31.4%, and J. P. Morgan, 30.2%. The poorest showing was Bankers Trust with 6.5%, after adjustment for the 20% stock dividend. Other laggards were Chemical, 8.5%; Commercial, 11.2%, and United States Trust, 11.5%.

Comparative Analysis
New York Bank Stocks
1944
Available on Request
Laird, Bissell & Meeds
Members New York Stock Exchange
120 BROADWAY, NEW YORK 5, N. Y.
Telephone: BArclay 7-3500
Bell Teletype—NY 1-1248-49
(L. A. Gibbs, Manager Trading Department)

	Asked Price		Per Cent Appre-ciation	Book Value		Market to Book Value
	12-31-43	12-30-44		12-31-43	12-30-44	12-30-44
Bank of Manhattan	21¼	28⅛	32.4%	$25.03	$26.20	1.07
Bank of New York	400	460	15.0	358.97	417.09	1.10
*Bankers Trust	51	53¾	6.5	50.15	45.78	1.17
Central Hanover	99¼	112¼	13.1	99.15	104.96	1.07
Chase National	37⅝	47	24.9	36.88	38.49	1.22
Chemical Bk. & Tr.	50	54¼	8.5	41.23	45.30	1.20
Continental Bk. & Tr.	18⅞	26¼	39.1	23.27	24.47	1.07
Commercial Nat. Bk. & Tr.	47	52¼	11.2	49.10	51.85	1.01
Corn Exchange	47⅝	57⅝	21.0	49.35	50.90	1.13
Fifth Avenue	700	920	31.4	1,052.85	1.119.52	.82
First National	1,485	1,845	24.2	1,246.60	1,290.87	1,43
Guaranty Trust	310	359	15.8	323.77	335.80	1.07
Irving Trust	14½	17¼	19.0	21.28	21.66	.80
Manufacturers Trust	47¾	57¼	19.9	41.75	44.60	1.28
Morgan, J. P.	222	289	30.2	215.51	222.15	1.30
†National City	36½	46	26.0	36.38	41.12	1.12
New York Trust	95¼	107¼	12.6	85.34	88.73	1.21
Public National	37⅝	51¾	37.5	48.30	51.27	1.01
Title Guarantee & Trust	5⅝	12	113.3	12.96	10.10	1.19
U. S. Trust	1,310	1,460	11.5	1,617.50	1,527.56	.96
Average of 20			25.6%			1.11

*2,500,000 shares, 12-31-1943; 3,000,000 shares, 12-30-1944. Market appreciation adjusted. †Includes City Bank Farmers Trust.

The tabulation also shows stated book values as of Dec. 30, 1944, compared with Dec. 31, 1943. The average increase for the 20 banks is 5.0%. However, this is distorted by reason of a 12% decline in the case of Title Guarantee. The average increase of the other 19 banks amounts to 6.0%. In the case of Bankers Trust, if adjustment is made to reflect the recent 20% stock dividend, the equivalent book value would be $54.94 instead of $45.78, and in arriving at the average increase for the group, this adjustment has been made. In the main, these increases in book values represent current earnings retained in excess of dividend disbursements. In a few instances, however, the increase has been augmented by transfers from reserves to capital funds, in other words, excess earnings over dividends of prior years.

The last column in the tabulation shows the ratio of market to book value for each stock, as of Dec. 30, 1944. It will be noted that 17 out of the 20 banks are now selling at a premium to book value, ranging from 1.01 for Public National to 1.43 for First National. On the other hand, Irving Trust is priced at only 80% of book value, Fifth Avenue at 82%, and United States Trust at 96%. The average ratio for the 20 banks is 1.11.

It is not possible at this time to report fully on 1944 earnings, since in only a few instances have operating results been published as this is written, and "indicated earnings" as calculated from balance sheet changes are not always reliable. Annual meetings, however, are scheduled for Jan. 9th, 10th, 11th and 17th, at which time fairly complete reports, in many instances, will be rendered to stockholders.

Such figures as are available, however, indicate that 1944 net operating earnings were quite substantially above those of 1943. For instance, net operating earnings of Chase National, exclusive of security profits, are reported at $2.54 compared with $2.33, a gain of 9%. Others are: National City, $2.65 vs. $2.44; Public National, $4.47 vs. $3.30, and New York Trust, $7.02 vs. $6.51. It seems fair to say that net operating earnings in 1944, exclusive of security profits, when finally collated, will show at least a 10% average improvement over 1943. Moreover, a continuation of this trend is likely to persist through 1945 and even longer.

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Some Current Problems Of Federal Regulation

(Continued from page 155)

tered. Let me be more specific. As you know, a number of persons who are engaged in the securities business and who are in fact brokers seek to do business with the public as dealers, and many dealers, by leading their customers to believe that they are disinterested brokers, seek to conceal the adverse interest which they have in every transaction. They ignore the judicial admonition of Justice Rutledge that "he who would deal at arm's length must stand at arm's length. And he must do so openly as an adversary, not disguised as confidant and protector."*

Everyone close to the securities business has frequently been confronted with this problem. John J. Bennett, Jr., when Attorney General of the State of New York, spoke out vigorously on the subject. He said:

> "Recent investigations have indicated a general tendency in the securities business to eliminate distinctions between brokers and dealers. In other words, dealers have purported to act as brokers when they, in fact, were dealers; on the other hand, brokers, or those who hold themselves out as brokers, have in fact acted as dealers. There are indications that this practice has become so widespread that the matter is now of grave concern."

The parallel problems created by brokers who would be dealers and dealers who would be brokers have a common origin in the fear of some professionals that their profits would be jeopardized by a complete and honest assumption of the responsibilities which the common law fastens on those who undertake to furnish expert counsel and guidance to the uninformed or uninitiated. That the public customers with whom the professional does business are usually uninformed and in need of expert advice has been emphasized time and again by persons engaged in the securities business. Indeed the enormous growth of investment companies is due in large measure to the success of hundreds of dealers who, in selling such shares, have persuaded investors of their inability to safeguard their own capital. Moreover, this disposition of the average man in the street to have others manage his own investment affairs is evidenced by the rapid growth of the trust departments of banks and other institutions whose business it is to guide the public in the complicated task of intelligent investment.

The reasons why some brokers seek to escape their responsibilities and why some dealers disguise their occupation is apparent from a consideration of the differences between the responsibilities of a broker and a dealer. Once a professional becomes a broker he can have no interest in the transaction which is adverse to the interest of his customer unless he makes the fullest disclosure of the nature and extent of that adverse interest. When the broker buys securities from others on the customer's behalf, he must disclose to the customer the price of the security and, as a separate item, the amount of the commission which he is charging the customer. When the broker sells securities to the customer which are his own property, he must disclose all the facts the customer needs in order to measure the extent of his agent's adverse interest in the transaction. In practice, this means that the broker has to disclose the profit which he makes and the market price of the security which he sells. A dealer, on the other hand, is not the agent of his customer. He may have an undisclosed interest in the transaction which is adverse to the interest of the customer. When he sells a security to the customer, he need not indicate to him the amount of profit which he makes.

I do not emphasize this difference for the purpose of criticising the dealer for making a profit. He is, of course, entitled to one commensurate with the value of his services and the risk he takes for the benefit of his customers. I point out this distinction only for the purpose of indicating the basis for the frequent preference of the professional for the dealer capacity.

Now many firms which in fact are brokers, in practice purport to act as dealers. Their explanation is simple. They say that if they were to act as brokers they could not make enough money to stay in business because if they revealed to their customers the amount of their compensation, the customers would rebel. The classic case that is usually presented is the one of the salesman who travels 50 miles out in the country to try to sell some securities to a customer. Says the firm which employs the salesman, "If we told the customer how much we had to charge him to cover the cost of sending our salesman out to see him he would not buy any securities from us. Since it would not be good business to tell him the amount of that charge we will act not as a broker in filling any orders which our salesman may receive, but will act as a dealer."

This explanation is understandable enough but it ignores the realities of the relation between the customer and the salesman. A salesman seeks to convince the customer of the expertness in securities matters of the firm which he represents. He invites the customer to disclose to him the state of his funds; the extent of his obligations both to his family and to others; the hopes and fears which he has for his future security—in general he invites and usually obtains an intimate picture of his customer's financial resources and needs. On the basis of such knowledge the salesman seeks to advise. This is as it should be, for usually the relative value and merits of the thousands of securities outstanding can be understood by the layman only if he has the advice and guidance of a professional. And it is just that that such a salesman and his firm become: a professional whose counsel is given as surely as is that of a lawyer. Such a salesman is not a purveyor of pieces of pretty paper any more than a legal draftsman sells the paper on which a will is written. By choice he has become the financial advisor of his customer; here the parties are not bargaining at arm's length. Rather one has become the agent of the other. In this setting the law makes plain the agent's duty. He must act with an eye single to the customer's welfare. Being human he must not be led into any of those human temptations which are so well-known and which the law recognizes by requiring the fullest disclosure of any adverse interest which he may have in a transaction. I know of lawyers who have so advised their clients. Moreover, I know firms who ignore that advice and seek to act as dealers when they are, and should act as, brokers.

It is unnecessary to labor the point any further that the securities firm is typically in a professional relationship with its customer. Before leaving the subject, let me point out, however, that brokers sometimes mistakenly assume that they can avoid the obligations of their position simply by confirming a transaction in language which technically discloses that the professional has acted in the capacity of a dealer. Experience has shown that the language of the confirmation slip is not understood by most customers. For that reason courts will usually disregard the technical language of the written confirmation and will look to other facts to discover the true relationship between the parties.

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*Erroll vs. Picken, 113 Fed (2d) 150 (1940).

Royal Bank of Scotland
Incorporated by Royal Charter 1727
HEAD OFFICE—Edinburgh
Branches throughout Scotland
LONDON OFFICES:
3 Bishopsgate, E. C. 2
8 West Smithfield, E. C. 1
49 Charing Cross, S. W. 1
Burlington Gardens, W. 1
64 New Bond Street, W. 1
TOTAL ASSETS
£115,681,681
Associated Banks:
Williams Deacon's Bank, Ltd.
Glyn Mills & Co.

Australia and New Zealand
BANK OF NEW SOUTH WALES
(ESTABLISHED 1817)
Paid-Up Capital £8,780,000
Reserve Fund 6,150,000
Reserve Liability of Prop. 8,780,000
£23,710,000
Aggregate Assets 30th Sept., 1943 £187,413,762
SIR ALFRED DAVIDSON, K.B.E., General Manager
Head Office: George Street, SYDNEY
The Bank of New South Wales is the oldest and largest bank in Australasia. With over 800 branches in all States of Australia, in New Zealand, the Pacific Islands, and London, it offers the most complete and efficient banking service to investors, traders and travellers interested in these countries.
LONDON OFFICES:
29 Threadneedle Street, E. C.
47 Berkeley Square, W. 1
Agency arrangements with Banks throughout the U. S. A.

NATIONAL BANK of EGYPT
Head Office Cairo
Commercial Register No. 1 Cairo
FULLY PAID CAPITAL £3,000,000
RESERVE FUND £3,000,000
LONDON AGENCY
6 and 7 King William Street, E. C.
Branches in all the principal Towns in
EGYPT and the SUDAN

NATIONAL BANK of INDIA, LIMITED
Bankers to the Government in Kenya Colony and Uganda
Head Office: 26, Bishopsgate, London, E. C.
Branches in India, Burma, Ceylon, Kenya Colony and Aden and Zanzibar
Subscribed Capital £4,000,000
Paid-Up Capital £2,000,000
Reserve Fund £2,200,000
The Bank conducts every description of banking and exchange business
Trusteeships and Executorships also undertaken

This improper practice of some brokers to act as dealers is one which requires no new rules and regulations of the Commission because the common law is plain. It is fraud for an agent to sell his own property to his principal without the fullest kind of disclosure. Since it is fraud, those firms which follow that practice not only deceive their customers but also jeopardize their financial stability, for every transaction into which they enter on this fraudulent basis is voidable at the election of the customer. As a result, the contingent liabilities of these firms grow with every new transaction. The possibility of such contingent liabilities is one which is disturbing not only to the proprietors of a business which misinterprets its true relationship to its customers but also to those who by law are charged with a duty to take steps to safeguard the financial responsibility of brokers and dealers. It is a contingent liability for which it is difficult to make provision. The firm which does so in effect confesses that it is not doing business with its customers on a proper basis.

No rules or regulations of the Commission can speak any plainer to the agent of his obligations to his principal than does the common law. Yet in my experience no canon of the common law is more widely ignored by brokers than that which we have been discussing. When brokers generally recognize their responsibilities as brokers and when dealers seek to assume no other role than that of a dealer, a long step forward will have been taken in the protection of the public in matters involving securities.

Fortunately, there is evidence of a growing awareness of some firms of their obligations to their customers. This has been manifested in two ways. Some firms who until recently confirmed most of their trades as principals have given recognition to their true status by adopting a policy of acting only as brokers for their customers; others, although continuing to act as dealers, now undertake to advise their customers of the market for the security at the time the transaction is effected. These are some of the most wholesome developments which I have observed. In my opinion the agency method of doing business more nearly represents the true relationship which usually exists between a security firm and the average public customer. Nevertheless, market disclosure by a dealer is a long step forward.

Those of us whose duties require us to enforce the various statutes designed to protect investors know of the many fraudulent transactions between dealer and customer which were possible only because the customer was kept in ignorance of the market value of the security dealt in. Those among you who are in the securities business know how dealers have been plagued for years with the problem of what price to charge for a security. Those who have followed the administrative decisions of the Commission and the recent decision of the Circuit Court of Appeals in the Hughes case know that it has been held that a dealer must do business with his customer at a price which bears a reasonable relationship to the current market value of the security dealt in. You know also the difficulties which have been encountered in determining what is a reasonable relationship to the current market in a specific transaction. I believe that this is a matter which generally should be left to informed negotiation between the dealer and the customer. I believe that a dealer should be required to inform his customer of the market value of the security involved in a transaction so that the customer may have an effective voice in establishing the price at which the transaction is to take place. This is at once the most simple and the least meddlesome way of solving a complex problem. It is the very negation of bureaucrcy because it requires nothing of the administrator. It would leave to an informed judgment of the parties to the transaction the determination of the price at which it would take place.

There is a discernible tendency toward making this kind of disclosure. This is a development which I believe should be fostered by the Commission by the adoption of a rule requiring that all dealers make such disclosure of market value in all transactions with public customers. I have had many discussions of the merits of a market disclosure rule. I have talked to professionals and nonprofessionals who favor it. I have talked with many professionals who are opposed. Fundamentally, the opposition springs from the fear of some dealers that they cannot justify to their customers the amount of their charges. This is an argument which will hardly commend itself to the customer whose money is at stake, nor is it an objection which impairs in the slightest the merits of the rule. On the contrary, I believe that the proposition that the customer will be unwilling to compensate some dealers in an amount satisfactory to them is one of the best arguments that can be made for such a rule. It is an admission that the added amount above market value which some dealers now exact from their customers is more than the traffic should bear. That the traffic will bear a reasonable charge is indicated by the example of those firms who do business with their customers on the basis of the fullest kind of disclosure.

I know that there are those who will say that the proponents of a market disclosure rule do not understand the over-the-counter business. Passing over the obvious answer that persons engaged in that very business can be found who are in favor of market disclosure, let's examine this argument and see where it gets us. We are told that we do not understand that the over-the-counter market is a negotiated market resulting from purchases and sales by informed individuals; that it differs from the exchange markets which operate upon the auction principle. It is said that in the over-the-counter market it is not a case of the best bid seeking out the best offer. Rather, we are told, it is a case of two informed individuals, one desiring to buy and the other to sell, who meet face to face and strike a bargain. This description of the over-the-counter business sometimes holds good when the professional bargains with the professional or with the institutional investor or with that rare bird, the sophisticated individual investor; that is, with those persons whose knowledge of the security and its market is equal to or approximates that of the professional. It is sheer nonsense when used to describe transactions involving those persons whom a market disclosure rule is designed to protect. What kind of informed negotiation can take place when only one party to the transaction has all the facts, or when the other party has only those facts which the first sees fit to give him? What kind of informed negotiation is there when a sophisticated dealer advises an inexperienced woman how her life savings should be invested? He who contends that the transactions which take place between a dealer and the average man in the street are the result of informed negotiation either does not speak from experience or ignores its teaching.

Consider for a moment the way the over-the-counter business is conducted with the public. There are, generally speaking, two types of orders received by dealers. There are some orders which are unsolicited; that is, persons desiring to buy or sell a security will go to a firm and seek to effect a transaction. Frequently such transactions are as a result of informed negotiation. Here disclosure causes no difficulties, for in such a setting the honest dealer's price deviates but little from the prevailing market price. Except for transactions with other dealers or with institutional investors, however, we know that most over-the-counter transactions are as a result of the solicitation of business by a firm. It usually works about this way. A firm learns of a particular security which it thinks would make an attractive investment for certain of its customers. Sometimes it spends a considerable amount of time and money in acquiring information concerning this security. Sometimes it will take a position. Sometimes, and probably more often, it will not take a position but will know where the security can be obtained. Salesmen representing the firm approach its customers and bring to their attention the merits of the security.

Frequently a customer will not have heard of the security before. Invariably if he had heard of it he knows little about it. He therefore depends upon the salesman to tell him all about the security and its issuer. Invariably the salesman will impart investment advice to the customer, sometimes voluntarily and sometimes in response to the customer's questions. The desirability of the investment will be stressed by the salesman, who for that purpose will draw on his knowledge of the customer's affairs and investment program. Now here is a situation in which the dealer has undertaken to bring to the attention of his customer a recommended investment. He undertakes to educate the customer concerning the desirability of that investment and to advise its purchase. He will seek to convince him of its value. In making the sale the salesman will present material facts concerning the security to the customer.

A disclosure rule would aim to give the customer material facts concerning the market's appraisal

(Continued on page 172)

New Issue

$114,000,000

Eight-Ten Year

Federal Land Banks

2¼% Consolidated Federal Farm Loan Bonds

Dated February 1, 1945 **Due February 1, 1955**

Not Redeemable before February 1, 1953

Interest payable on August 1, 1945, and semi-annually thereafter on February 1, and August 1. Principal and interest payable at any Federal Land Bank, Federal Reserve Bank or branch, or other designated agency. Coupon and registered bonds interchangeable in denominations of $10,000, $5,000, $1,000, $500, and $100. Redeemable as a whole or in part on any interest date on and after February 1, 1953 at 100% and interest.

The Bonds are the secured joint and several obligations of the twelve Federal Land Banks.

The Bonds are eligible for investment by savings banks under the statutes of a majority of the States, including New York and Massachusetts. The Bonds are also eligible for the investment of trust funds under the statutes of various States.

This offering is made by the twelve Federal Land Banks, through

Charles R. Dunn, their Fiscal Agent, at:

100⅜% and interest, to yield about 2.20%

The undersigned have assisted in the formation of a Selling Group of recognized dealers in securities, including themselves. No sale of the Bonds in this State will be made by any of the undersigned except as permitted by law. Copies of the circular of the Federal Land Banks describing the Bonds may be obtained from such of the undersigned as may lawfully sell the Bonds in this State.

The Chase National Bank of the City of New York

The National City Bank of New York

Guaranty Trust Company of New York

Bankers Trust Company

Chemical Bank & Trust Company

Continental Illinois National Bank and Trust Company of Chicago

The First National Bank of Chicago

Bank of America N. T. & S. A.

Mercantile-Commerce Bank and Trust Company

American Trust Company

January 9, 1945

WELLINGTON
WF FUND
A MUTUAL INVESTMENT FUND
Incorporated 1928
Prospectus may be obtained through your investment dealer or from the distributor.
220 Real Estate Trust Building • Phila. 7, Pa.

COMMONWEALTH
INVESTMENT
COMPANY
A Mutual Investment Fund
★
Prospectus on Request
★
GENERAL DISTRIBUTORS
NORTH AMERICAN SECURITIES CO.
2500 Russ Building • San Francisco 4

Mutual Funds

Investment Prospects for 1945

Keystone Corp. surveys investment prospects for 1945 in the current issue of **Keynotes.** We quote in full:

"Victory over Germany and Japan is assured. Only the time element remains uncertain.

"**Business Outlook.** Germany is expected to be the first to capitulate. But so long as the war continues either in Europe or the Pacific, it is evident that heavy government expenditures will continue. When peace comes — whether it is in 1945 or later—it is equally certain that an enormous deferred demand will exist for all types of civilian goods. No less significant is the fact that the consuming public will have the money to satisfy these deferred needs. It may require several years for industry to fill its backlog of existing and pending orders for new homes, automobiles, radios, refrigerators, washing machines and a thousand other products. It is estimated that since 1939 savings by individuals have totaled about $130 billion, and this figure is rising by about $25 billion a year! When it is realized that the total national income in the 1930's averaged less than $60 billion a year, it becomes evident that a potential purchasing power of tremendous dimensions exists.

Railroad
Equipment Shares
A Class of Group Securities, Inc.
Prospectus on Request
DISTRIBUTORS
GROUP, INCORPORATED
63 WALL ST. • NEW YORK 5, N. Y

"In view of the continued government spending and the large national savings — it is difficult to visualize anything but a high level of business activity for an extended period ahead. It is probable that reconversion will proceed gradually while war goods still are being produced and that the transition can be accomplished with far less difficulty than anyone had reason to hope for six months ago.

"**Investment Outlook.** — The heavy volume of liquid capital seeking investment is a factor the importance of which could hardly be overstressed. These idle funds are exerting constant upward pressure on securities prices—not only on bonds but also on preferred and common stocks. The search for a better return on capital than is offered by the meager 2.53% on high grade bonds is a potent influence on all sections of the investment market. Other considerations also make carefully selected securities more attractive than cash. Sooner or later—and perhaps this year — Congress is expected to change the tax law so as to eliminate double taxation of corporate earnings. As the law stands now, such earnings are first taxed in the hands of the corporation, then taxed again in the hands of the investor when they are paid out as dividends. Elimination of this inequity would immensely enhance the attractiveness of stocks as investment media — especially for investors in the lower and middle income tax brackets.

"Prospect of tax relief, coupled with the fact that business activity both during the war and for several years thereafter promises to remain at a high level, warrants a good deal of optimism on the part of the investor who has a properly balanced and diversified investment position."

Railroad Equipment Shares

In a current mailing **Distributors Group** examines the postwar outlook for **Railroad Equipment Shares.** The mailing consists of two folders and a covering letter in which the relative undervaluation of railroad equipment stocks is emphasized.

The large potential backlog of peacetime business for this industry, the lack of serious reconversion problems, and the current price levels of railroad equipment stocks in relation to their present and prospective earnings are stressed.

"Leading railroad equipment stocks are available today at less than ten times their current wartime earnings and at less than five times their estimated peacetime earnings."

"Beyond the Headlines"

Something new has been added to investment company literature with the publication of **Wellington Fund's** new management folder, "Beyond the Headlines."

We have seen a good many investment company booklets and management folders over the past ten years. This new piece by Wellington Fund will certainly stand comparison as one of the most striking and effective in the presentation of a mutual fund and its management record. "Beyond the Headlines" is a big, handsome, well conceived booklet with loads of eye appeal.

We suggest you write for a copy. Send your request to Walter L. Morgan, President of Wellington Fund, Real Estate Trust Building, Philadelphia, Pa.

New York Stocks, Inc.

The annual report of **New York Stocks, Inc.,** covering the fiscal year ended Nov. 30, 1944, reveals substantial gains in number of shareholders, in shares outstanding, and in net asset value.

NEW YORK STOCKS, INC.

	1943	1944
Total net assets	$5,974,300	$8,619,811
No. of shareholders	8,879	9,728
Shares outstanding	987,625	1,197,593
Dividends paid in year	$294,776	$404,899

Another interesting feature of the report was the recovery from an unrealized depreciation of $928,322 at the beginning of the fiscal year to an unrealized appreciation of $580,442 on Nov. 30, 1944.

3.76% After Taxes

In a new folder directed at corporation executives, **Distributors Group** describes how corporations can invest their reserve funds in "legal list" bonds to achieve a new return of 3.76% after taxes. This compares with a net return after excess profits taxes of only 6/10 of 1% on a bond investment yielding 4%.

Institutional Bond Shares is the solution offered. "Through Institutional Bond Shares a corporation can invest its surplus funds in a broad list of 'legals' and realize a net return—after taxes—of approximately 3.76%."

Institutional Bond Shares is the only investment available today through which corporations can obtain such a high yield after taxes from selected "legal list" bonds.

New High for Keystone

Combined assets of the 10 **Keystone Funds** now amount to more than $105 million, a new high record which compares with approximately $67 million reported a year ago and $42 million in Dec., 1942.

These figures were disclosed in conjunction with the release of the annual report on Keystone's Series "S-2." During the fiscal year ended Nov. 30, 1944, net assets of "S-2" increased to $16,053.326 from $5,682,474 a year earlier.

Mutual Fund Literature

Lord, Abbett—Current issue of **Abstracts,** giving 1944 tax information on **Affiliated Fund, American Business Shares** and **Union Trusteed Funds. . . . Hugh W. Long & Co.**—Revised prospectus on **Fundamental Investors** dated Dec. 20, 1944. . . . **Distributors Group** — Current issues of **Railroad News** and **Railroad Equipment News. . . . Keystone Corp.**—Current data folder for January on **Keystone Custodian Funds. . . . Hare's Ltd.**—A new folder, "Pertinent Facts to Remember in 1945," covering the offerings of **Institutional Securities, Ltd.**

Dividends

Manhattan Bond Fund, Inc. — Ordinary Distribution No. 26, amounting to 10c per share and an extraordinary distribution amounting to 5c per share, for a total of 15c per share payable Jan. 15, 1945, to holders of record as of Jan. 5.

Institutional Securities, Ltd. — A dividend of 37½c a share on Stock & Bond Group Shares payable Feb. 28, 1945, to holders of record Jan. 31.

Keystone
Custodian Funds
Certificates of Participation in Trust Funds
investing their capital as follows:
SERIES
B-1, 2, 3 and 4 IN BONDS
SERIES
K-1, 2 IN PREFERRED STOCKS
SERIES
S-1, 2, 3, 4 IN COMMON STOCKS
Prospectus may be obtained from your local investment dealer or
THE KEYSTONE CORP. OF BOSTON
50 CONGRESS STREET, BOSTON, MASS.

NATIONAL
SECURITIES SERIES
Prospectuses upon request
National Securities &
Research Corporation
120 BROADWAY, NEW YORK, (5)
LOS ANGELES, 634 S. Spring St., (14)
BOSTON, 10 Post Office Square (9)
CHICAGO, 208 So. La Salle St. (4)

Are Americans Isolationists?

(Continued from page 154)

American is a home-loving body who wants to be friendly with the peoples of all nations big and small, and if anything, his sympathies go out in full measure to the small and weak nations of the earth, especially if they are oppressed or harassed by the mighty armed powers of Europe and Asia. He has no designs on the territorial domains and colonial possessions of other countries.

As the son of foreign parents—this is the kind of an America I love because it is the America to which Washington, Jefferson, Madison, Lincoln, Theodore Roosevelt and Benjamin Franklin gave their best in order that our heritage of independence and liberty might be preserved free of imperialism, free of subversive foreign influences and insidious alliances with the great powers, which have but one motivating objective: their own selfish aggrandisement by unmitigated force, conquest and aggression.

Regrettable as it is, these nations bent on exploitation, have and will continue to turn this God-given world into a hell on earth, a morgue and graveyard for the honest, decent, inoffensive peoples of all races and nationalities.

When War Hysteria Subsides

When the passions of war have subsided, we will more calmly reflect on the status of our country with respect to a second League of Nations. Our future course should be to ultimately cooperate with the World Powers in an effort to secure a lasting peace if we can do so without involving our sovereign rights or sacrificing our freedom of action.

With faith in the checks and balances of our constitutional and representative system of government, the Isolationists of our country will act to see that in our effort to collaborate with Britain, Russia, France and the other powers to secure a lasting peace, we do not unduly place the United States in a position where, in endeavoring to frustrate the intrigues of these foreign powers, we will be drawn into a conflict not of our own making or choosing.

What It Means To Be An Isolationist

The Isolationist believes in leaving the settlement of purely European problems to Europe so that we will not become enmeshed in future wars; in a word—he believes that we should mind our own business as individuals and as a nation.

During these war-minded times the exuberant advocates of international alliances and power politics are unthinkingly castigating their fellow Americans as Isolationists because they dare to question the imperialistic records and objectives of Britain, Russia and the other great powers. Strange enough, the term "Isolationist" is now being used by the devotees of internationalism and foreign alliances as an opprobrious epithet to discredit the patriotism and courage of our citizenry who are opposed to seeing our country made a pawn in power politics.

So, may I say that it is not yet a disgrace for an American to be an Isolationist, or a Nationalist, or an American who loves this non-imperialistic country, its history and political institutions more than any country that has existed since the beginning of creation, any more than it is a crime to be an Internationalist or an Interventionist.

I am proud to be a Nationalist and not an Internationalist for no American has to apologize to any man if he has the strength of his convictions and principles and is sincere in his beliefs and professions. An Isolationist yields to no man in placing the national interests of our country first.

Sanity In Our International Relationships

The Isolationist believes that our country can collaborate in a sensible world movement to formulate practical ways and means to preserve peace but not to the extent of telling other nations how they should run their countries, whom they should trade with, etc. The Isolationist believes that if the United States joins a second League of Nations in the future there must not be any guarantee, implied or otherwise, of the present territorial boundaries and colonial possessions of the Great Powers.

Yes, our country should cooperate with a world peace organization but in so doing we must not under any circumstances surrender our sovereign powers or constitutional rights—such as vesting the decision of making war in the sole judgment of our representative (a Presidential appointee) on the Security Council of the proposed Dumbarton League.

The Isolationist is against entering any world commitments that will not leave our country free to determine future international relations with each country on its merits by and with the concurrence of our Congress.

What the Isolationist Knows

The Isolationist knows that the peace of the world would not be secure with two warlike nations like Germany and Japan **in or out** of the Second League of Nations; that the status of the Second League would still be the same as when Germany plunged Christendom into the first and second World Wars.

The Isolationist knows that World War III will result from a dispute or falling out of the Big Six: Britain, Russia, France, Germany, Italy and Japan; ultimate members of the new Dumbarton League.

The Isolationist knows why the first League of Nations, composed of 63 nations, failed and why we cannot hope or expect that a new League of Nations will ensure permanent peace while imperialism is the avowed policy of the Great Powers.

The Isolationist knows that the statesmen of the Great Powers are neither saints nor above suspicion and why they cannot be trusted.

The Isolationist knows that the great Imperialistic Powers do not possess a sincerity to fulfill their treaty obligations and that they do not have the moral character "to do unto others as they would that we should do unto them."

The Isolationist has no illusions about the Dumbarton Oaks League plan for he knows that Britain, Russia (and the other Great Powers which may sign up later) will **boss** the world and the effectiveness and permanency of the Dumbarton Oaks League will be short lived when one or more of these Big Powers have a falling out with the others. Do not forget that it took 12 nations to defeat Germany in World War I and after five long years of war Germany is still standing off three of the world's strongest powers (Britain, Russia and the United States) in this war.

The Isolationist knows that World War I and II have set back international morality for a hundred years and all the wishful thinking and ardent desire in the world will not establish a League of Nations which will ensure permanent peace as long as the Big Powers exploit the Small Powers and continue the curse of Imperialism.

It is a truism to asseverate that the survival of the fittest will still continue to be the badge of freedom for the offending and the unoffending nations of this earth. We have only to read the following record of our changing sympathies engendered by wars to realize what a peace loving and non-imperialistic nation like the United States of America has experienced in the past 189 years during which time it has been obliged to fight seven major wars:

Our Country's Friendships and Hatreds

1755—We loved the British and hated the French in the French and Indian War.
1776—We loved the French and hated the British in the American Revolution.
1799—We hated the French in the sea battles with France.
1812—We loved the French and hated the British in the War of 1812.
1846—We loved the Southerners and hated the Mexicans in the Mexican War over Texas.
1861-64—We hated the Southerners, and the British for aiding the South in the Civil War.
1898—We hated the Spanish in the Spanish-American War.
1899—We hated the Chinese and the Filipinos in the conquest of the Philippines.
1900—We loved the Japanese and hated the Chinese in the Boxer uprising in China.
1904—We loved the Japanese and hated the Russians in the Russo-Japanese War.
1914—We loved the Japanese and the Russians, allies in World War I.
1914—We hated the Mexicans when our Marines landed at Vera Cruz.
1914—We loved the British and French and hated the Austrians and Germans when World War I started.
1915—We loved the Italians; Italy joins Allies.
1916—We hated the Mexicans when Pershing invaded Mexico.
1917—We loved the Japanese and the Chinese, our Allies in World War I, but not the Russians when the Russian Bolshevik Revolution started.
1918—We loved the Italians and hated the Russians when our troops invaded Russia.
1927—We loved the Japanese and hated the Chinese when U. S. bombarded Nanking.
1935—We hated the Italians when Italy invaded Ethiopia.
1936—We loved the Chinese and hated the Russians when Communists despoiled China.
1939—We loved the British and French and hated the Germans and Russians at the beginning of World War II.
1939—We loved the Finns and hated the Russians when Russia invaded Finland.
1941—We loved the Russians and almost hated the Finns when Russia fights Germany and Finland.
1941—We loved the Filipinos and hated the Japanese in the war with Japan.
1941—We loved the British, Chinese, Dutch, Russians and hated the Germans, Italians and Japanese in World War II.
1942—We loved some French and hated others during the Vichy regime.
1942—We loved the Mexicans and other Latin Americans as our Allies in World War II.
1943—We love the Chinese, try to love Russians, British, as our Allies in World War II.
1944—We hate the Argentine for its pro-Axis activities and now we are trying to love Italy, France and Russia.

Why the Isolationist Distrusts the Imperialistic Nations

The Isolationist knows that wars will continue to the end of time unless the Great Powers abandon imperialism and that a new League of Nations by itself will not succeed in enforcing a permanent peace in an uncivilized world.

The Isolationist knows that the principal causes of World War I and II were Imperialism and Pan-Germanism and that the casualties totaled 37,508,686, or 57.6% out of a total mobilization of 65,-038,810 men on both sides of World War I.

The Isolationist knows that League or no League the only thing the "Big Powers" respect is **force** and therefore the best insurance protection the United States of America can buy against future wars is to maintain in peacetimes a two-ocean navy equal to the combined navies of any two powers and an air service equal to the combined forces of any two powers.

With the sagacity and wisdom that almost transcends human experience, George Washington uttered this truism: "To be prepared for war is one of the most effectual means of preserving peace."

The Isolationist is a Realist who does not live in Dreamland. He knows things as they are. He has his feet on the ground and his head is not in the clouds. He knows that the British, Russian, French, Netherland, Portuguese, Belgian and the Japanese Empires were founded on predatory conquest. The day for fables and illusions is over. We must give up our pipe dreams that a League of Imperialistic Nations will ever be a panacea for war.

The World In Perspective

All the Isolationist asks of his fellow Americans is to view the world situation in its correct perspective. In the recent political campaign, no truer words were spoken or written than those which appeared in the New York "Sun," one of this country's finest newspapers. In its editorial, "Peace At Home First," Nov. 9th issue, the "Sun" states the case for the internationalist and isolationist with a clarity which can hardly be excelled:

"In this November, 1944, campaign there was entirely too much talk about **"internationalists"** and **"isolationists."** Taken as a whole, the American public is neither one nor the other. It is **internationalist** to the extent that it is willing in the making and preserving of peace for our country **to work in harmony with other countries provided we shall work in harmony also with our own constitutional forms.** It is **isolationist** to the extent that **it puts the interests of the United States ahead of those of any other country.**"

An Internationalist Begins to See the Light

Republican Senator Joseph H. Ball, of Minnesota, who espoused Roosevelt's fourth term election campaign because of his international policy, has made the following admissions, viz.:

"I, for one, am prepared now to admit that injustices and departures from principles repugnant to me and to America are inevitable in the peace settlements. To expect anything else out of the seething caldron of hate brewed in Europe and Asia is to expect the impossible."

This one is also from Senator Ball's pen:

"What a rich hunting ground the peace settlements after this war, or even what we can now guess about them, will provide for the isolationists when they try to turn America away from the world in despair and fear! Probable Russia annexation of the Baltic states, the Russo-Polish boundary, pig-headed British imperialism in the Far East, the row between the Communists and the Central Government in China, the trend toward socialism in France, the harsh terms to Germany (which will make Versailles look like a pink tea), arrangements on air bases, communications and oil (which may be unsatisfactory to America) and the misuse and abuse of lend-lease inevitable in such a program—these are a few of the questions which will provide the isolationists with ammunition far superior to what they had in 1919."

Historic Facts Why Americans Are Isolationists

It is in no controversial spirit that I would invite my countrymen, who may be confirmed Internationalists and Interventionists, to ponder well the following historic facts which explain why so many of our fellow Americans are Nationalists and Isolationists:

The Isolationist knows that, irrespective of the first League of Nations and the Kellogg-Briand Pact to outlaw war, 2,500,000 men were actually killed (according to our War Department records) in warfare in various countries between the signing of the Armistice in 1918 and the outbreak of the present World War II in 1939.

The Isolationist knows that Russia was one of the first signers of the Kellogg-Briand Pact and one of the first to break the Pact in its armed struggle against China in 1929 over the Chinese Eastern Railway. Russia's broken treaties with Finland, Latvia, Lithuania, Estonia and Poland are also matters of record.

The Isolationist knows that Great Britain declined to join our country in the moves to block Japan's depredations in China.

The Isolationist knows that Italy, a member of the League of Nations, ravished Ethiopia, another League member.

The Isolationist knows that Germany walked out of the League of Nations in 1935 because the Powers in the Disarmament Conference refused to grant her equality in arms.

The Isolationist knows that Russia was expelled from the League because of her aggression against Finland.

The Isolationist knows that Japan withdrew from the League of Nations because the League adopted the report of the Lytton Commission reaffirming Chinese sovereignty over Manchuria and condemning Japan's aggressive action.

The Isolationist knows that Italy quit the League when economic and financial sanctions were applied against her because of her conquest of Ethiopia and because her sovereignty over that helpless country was refused recognition by the World Powers in the League.

The Isolationist knows that Germany took armed possession of the Ruhr region in defiance of the Treaty of Versailles, and without Great Britain or France raising a hand to protect the Rhineland.

(Continued on page 181)

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January 5, 1945.

"Let Each Transportation Agency Stand On Its Own Feet"

(Continued from first page)

tion which are so essential to our war-time job. In fact, without the sympathetic understanding and help from such groups as yours, we could not have functioned as we have, and when we consider what lies ahead we realize more and more how much the continuance of your co-operation and assistance means to us. The committees which strive for greater car efficiency have been especially helpful. My experience with the manpower situation on our railroad has given me knowledge of some of the problems confronting these committeemen in getting cars released.

While you represent freight shippers more than you do passengers, you know and appreciate that new passenger cars cannot be obtained and why it is that passenger trains are carrying more people than anyone likes to crowd onto them, and why they are doing more local express and mail work than good practice would suggest.

Quite unfortunately there have been some accidents and we are asked questions about the safety of railroad travel. Safety is the watchword of the railroads, and despite the stress of war-time transportation and thousands of new employees, the facts are that during the first eight months of 1944, which are the latest months for which full statistics are available, the passengers injured or killed per million passenger-miles were approximately 60% less than in the normal year of 1940.

Undoubtedly the task ahead is hard—maybe harder in many respects than what we have come through. You may recall, however, that some four years ago there were doubts in some quarters about the then existing physical capacity of the railroads to meet war requirements and their financial ability to expand sufficiently. No one knew then just what would be the transportation requirements of the nation during this war. All we need to say now is that with your help and the assistance of the Office of Defense Transportation and others we made expansions which enabled us to meet the necessities of war transportation.

I shall however mention some phases of the Santa Fe expansion program, because they are somewhat unusual.

For many years our capacity and our efficiency had been restricted artificially. Under Arizona law we were prohibited from running freight trans in excess of 70 cars, or running passenger trains consisting of more than 14 cars. Under an agreement with the trainmen made more than forty years ago we were prohibited from handling more than 50 loads into San Bernardino, California, from the east. This rule had persisted despite many improvements in the art of braking during those forty years and despite other improved facilities. Under another agreement with the train crews we were prohibited from hauling more than 2,900 tons with doubleheaders between Needles, California, and Winslow, Arizona.

Our yard tracks, our passing tracks and the pulling capacity of our locomotives throughout a period of years had been attuned to these artificial restrictions. Following the outbreak of war, the Federal Government, functioning through the Interstate Commerce Commission, issued orders which resulted in our being freed of these artfiicial restrictions for the duration of the war.

The important point about it, however, is that until we could get locomotives with greater pulling capacity and build longer sidings and extend our yard tracks, we were not in position to do much about increasing our efficiency and our capacity. So while we were moving the heaviest transcontinental business we ever had experienced, it was necessary for us to build these longer and additional tracks and to acquire the locomotives as quickly as possible. This we succeeded in doing.

The State of Oklahoma also passed a 70-car limit law in 1937 and that too was set aside for the duration of the war, but in Oklahoma we were able to return immediately to an efficient method of operation. The difference between Arizona and Oklahoma being that the Oklahoma law was passed after we had built up an efficient transportation plant.

If it had not been for the removal of these artificial restrictions and the enlargement program which was adopted immediately, Santa Fe could not have met the war demands as we have.

No one claims we have done a perfect job and yet we believe we have measured up. It is in the light of the experiences we have had that we express the conviction that we will continue to meet the necessities of the war load.

Manpower Problem

In my opinion the question of manpower is the most perplexing question which confronts us. There have been many times when we were hard pressed to move business because we didn't have enough men at the moment.

The great bulk of our older employees are working steadily and putting in long hours, and yet despite that the facts are that turnover and absenteeism have reached the highest peak in the history of the Santa Fe. Notwithstanding new eating places and improved housing, and also the labor stabilization plans adopted pursuant to regulations of the War Manpower Commission, it is extremely difficult to develop effective procedures to overcome the inclination of many new workers to shift from one job to another, or from one part of the country to another.

One of the great difficulties confronting the railroads in securing needed personnel is the inability to secure from the War Manpower Commission the right to compete with certain so-called war industries on an equal basis. Some relief was afforded in October, 1944, in respect to three occupations, viz., brakemen, switchmen and firemen. For these three classifications our railroad and twelve others were given a class "A" priority rating.

The fact that our overall shortage was greater in these three occupations sixty days after the issuance of the class "A" priority rating than it was when the priority was granted, is evidence of the terrific turnover in force and demonstrates the weakness of a plan which tries to maintain a sufficient force through what may be termed "piecemeal" offerings by the War Manpower Commission.

The railroads do not have as high a priority rating as other industries engaged in war production in spite of the fact which everyone should recognize, i.e. unless the transportation systems can transport the raw products to the war plants and the finished products from such plants, there is no need for giving the war industries a higher priority than that accorded the railroads.

Prior to the German breakthrough of Dec. 16, 1944, there were reasons to believe that 1944 would be the peak year in freight transportation on a national basis, but I think no one can now forecast what effect that breakthrough will have upon national transportation requirements. It is rather obvious though that it will call for materials and men not previously contemplated.

We of the Santa Fe have thought that our maximum load will result largely from the traffic stimulated by the West Coast war industries and the off-shore military movements from California ports. These off-shore movements are expected to be heavier as the war against Japan is intensified. We have confidence that our plant capacity will measure up to the maximum requirements. We have met some substantial increased demands already. For example, our west-bound transcontinental freight traffic in December was 46% heavier than a year ago.

Because we have not been able to obtain new passenger cars, it is doubtful if there is much reserve in our passenger carrying capacity. In recent months military travel on the Santa Fe has declined, but civilian traffic has increased to an extent greater than the decline in military travel. According to our present understanding, we may anticipate our greatest passenger transportation problem when large numbers of the military forces are returned to the country and are given a furlough of a month or such a matter. All of them will want to go home. We will then be confronted with requests for transportation from thousands of individual passengers whose mission and very nature are such that they are entitled to preferential treatment.

Transportation Prospects

Now about the future: there are many interesting phases of rail transportation prospects in the postwar period. New technologies are developing. Our people possess the "know how" and earnestly desire to give an improved service. The extent to which engineering developments and new technologies will be employed and the degree of other improvements in rail transportation will be affected greatly by circumstances which create the atmoscphere of transportation. For that reason it is my purpose to use the short time available here today to discuss a few of the problems which if handled properly will be beneficial in creating a favorable atmosphere.

As a people we have not yet disposed of the land grant question, about which I am sure all of you are pretty well informed. A brief history of the attempts to do something about the land grant situation is interesting and may be helpful.

A bill was introduced in the House on Dec. 2, 1941, the effect of which was to abolish land grant rates on Government traffic. The House Committee on Interstate Commerce reported the bill without amendments on March 18, 1942. The bill was debated in the House in the spring of 1942 and was recommitted to the Committee on Interstate Commerce.

Finally in February of 1944 another bill was introduced which was identical to the bill of December, 1941. The bill passed the House in May, 1944, and was messaged over to the Senate. There it was referred to a sub-committee of the Senate Interstate Commerce Committee which for various reasons functioned rather slowly but finally on Nov. 14, 1944, the sub-committee made its report to the full committee and the full committee on November 28 reported the bill favorably with certain amendments.

These amendments contemplated when difference between full commercial rates and land grant rates exceed $68,272,770 (claimed to be value of granted lands now held by carriers), the Interstate Commerce Commission would proclaim full commercial rates effective. Further, the $68,272,770 was to be set aside as "Veterans' Farms Fund" to be administered by the Secretary of the Interior. The fund was for purchase and improvement of lands in Bureau of Reclamation projects suitable for division into farms for veterans and for construction of irrigation projects in seventeen western states. My understanding is no one opposed these amendments.

Nevertheless, the bill never was considered by the Senate as a whole and of course the bill died when Congress adjourned. The necessity now exists for introducing the bill again in the new Congress and that action is contemplated.

There is no good reason why the bill should not be enacted into law, and despite the buffeting we have experienced we still hope that the equities of the bill will prevail. We have had the support of such organizations as yours and we hope to continue to merit your support in the enactment of the proposed legislation.

The Western Anti-Trust Suit

In my opinion one of the most unwarranted attacks ever made upon a great American institution is the so-called Western Railroad Anti-Trust Suit. It is not my purpose here today to try this anti-trust suit, but I must devote a few minutes to discussion of the philosophy which inspires it, the stubborn disregard of both history and public need which that philosophy indicates, and the blind reverence for out-moded court decisions, such as one in 1897 identified as United States v. Trans-Missouri Freight Association, in which that philosophy finds its support.

That decision pronounced the rule of cutthroat competition, but not the wisdom of it. As to that the court stood neutral. It said:

"It may be that the policy evidenced by the passage of the act itself will, if carried out, result in disaster to the roads and in a failure to secure the advantages sought from such legislation. Whether that will be the result or not we do not know and cannot predict. These considerations are, however, not for us. If the act ought to read as contended for by defendants, Congress is the

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New York, January 9, 1945

body to amend it and not this court,"
but it also said:

"It may be entirely true that as we proceed in the development of the policy of public control over railway traffic, methods will be devised and put in operation by legislative enactment whereby railway companies and the public may be protected against the evils arising from unrestricted competition and from rate wars which unsettle the business of the community."

That may have seemed cold comfort in 1897, but as the years passed the implied prediction came true.

Many of you are traffic men, and you know perhaps better than I the development of public thought, public regulation, statutory provision, and judicial decision, in respect of transportation during the last forty-eight years.

The Hepburn Act of 1906, giving the Commission power to fix maximum rates; the Mann-Elkins Act of 1910, giving it power to suspend them; the Court's discovery of the rule of reason in the Standard Oil case in 1911; the concept of the Shipping Act of 1916 whereby the shipping industry was made exempt from the anti-trust laws, and regulation by a public administrative board was substituted; the Transportation Act of 1920 giving the Commission power to fix minimum rates; the emergence of the concept of a national transportation system evidenced by that Act, and its new philosophy of transportation and regulation; the Commission's investigation of conference rate making and its publication of the facts in 1923, followed by twenty years of apparent acquiescence on the part of both Congress and the Department of Justice; the Emergency Transportation Act of 1933 with its recognition of necessity that carriers act in concert for the protection of the public as well as their own protection; the 1935 Motor Carrier Act with its declaration of policy to foster sound economic conditions in highway transportation and among highway carriers and to avoid unfair or destructive competition; the Civil Aeronautics Act of 1938 adopting the same policy in respect of air carriers and creating machinery and procedure for its fulfillment; the Transportation Act of 1940 announcing that policy for carriers by rail, highway and inland waters, and confiding its administration and accomplishment to the carriers themselves as well as to the Commission. This partial recital should suffice to show how times and laws have changed.

All these things you know; only the Department of Justice is unmindful of them. The ancient decision of United States v. Trans-Missouri Freight Association is the anti-trust Bible of the Department of Justice. It contains only an Old Testament.

The Attorney General and the Assistant Attorneys General all ignore the promises of even their own sacred text and the fact that those promises have been kept, and worship according to a ritual of retribution that disregards all that has come to pass, building their altars for living sacrifice long after their temple is destroyed, and lifting up their voices for fire to descend and consume unbelievers.

The best minds of this nation have worked for a half century on the perplexities originating in the Trans-Missouri case, and they have produced a sound philosophy for carrier regulation, which is commonly if not universally accepted. It may be stated thus:

Among carriers subject to the Interstate Commerce Act, and included in the congressional concept of the national transportation system, cooperative action is so necessary and so complex. It so frequently involves competitive stresses among shippers, markets, regions and commodities, as well as among the carriers themselves, that its governance should not depend upon individual predeliction but should be orderly and systematic, and yet should be upon investigation, case by case, according to practical public interest in the light of actual needs and conditions. Only the Interstate Commerce Commission has the equipment, the experience and the guidance of elaborate statutory instruction which are indispensable for the exercise of the regulatory function. The Department of Justice has not; and neither its attitudes nor the decisions of the courts in particular cases could possibly be so coordinated as to preserve the predictability which is so essential to sound and just public regulation. Congress never intended to entrust that function to the Department of Justice or to the courts; the courts have always disclaimed it.

To carry this philosophy into effect, or, better stated, to clarify the intent of Congress and facilitate its accomplishment legislation probably will be proposed at this session of the Congress committing this whole matter to the Interstate Commerce Commission and endowing its decisions with finality which will put them beyond the reach of interference under the pretext of anti-trust law proceedings. It well behooves all who depend upon transportation, and all who conduct it, to give active support to sensible legislation of this sort.

Government Subsidies

Then there is another question of national policy which I think should be examined closely and considered earnestly—the policy of contribution of public money for the benefit of other forms of transportation.

As you consider what I have to say on this subject please keep in mind the high ratio of railroad property investment to gross revenue. Some studies made about four years ago showed that the ratio of property investment to gross revenue was:

$5.91 for the railroads
$1.66 for water carriers
69 cents for the air lines
72 cents for intercity bus
35 cents for intercity truck

In all instances the figures do not include depreciation or inventory.

It would seem to be so nearly axiomaitc as to require no argument or debate that one form of transportation agency will be seriously disadvantaged if competing forms are aided by the general taxpayers. It is as if two boxers were put into the ring, one with both hands free and the other with one hand tied behind his back.

All transportation agencies other than railroads in one form or another are the beneficiaries of public funds. In the case of the water carriers the public expenditure is for improving the streams on which they operate, and furnishing freight and passenger terminals for their use.

In the case of airways it is for air terminals, beacons and other safety devices.

In the case of highway carriers it is for building new highways and improving old.

On December 20, 1944, the President signed an Act which provides that the federal government will expend a half billion dollars per year for three years for highway construction purposes on the promise that the various states will put up an equal amount. The bill, therefore, contemplates that there will be a highway building program to the extent of a billion dollars per year for three years. Not more than ten per cent of the sums apportioned to the state may be used for railway-highway projects, i. e., relocation of grade crossings, grade crossing separations, and signal protection.

These improvements will result in better and faster highways than we have had before. Hills will be cut down and curves will be flattened. Apparently it is the thinking on the part of the federal government that for the benefits which come to the nation by reason of improvements in this one part of our transportation plant, tax monies should be used.

The railroads have been reducing grades and curvature for years, but they must get their capital for new improvements from rates charged for services rendered. If those revenues are adequate, they can meet their payrolls, meet their bills for materials and supplies, and may be lucky enough to have some money over for a return to investors.

Perhaps the question of national defense influences these expenditures on the part of the federal government. If so, I think it fair to say that if anything has been learned by the American public during the last few years, it is that the railroads are absolutely necessary for the transportation of men and commodities during a period of war. They have learned unmistakably that, notwithstanding the growth of other and competing forms of transportation agencies, the railroads are still the one indispensable part of our national transportation system.

I have thought that the most logical and most equitable policy to pursue would be to let each transportation agency stand on its own feet. Let each agency derive its revenues and its financial needs through its own private enterprise, and forego these payments from the pockets of the taxpayers. Is this too much to ask? Perhaps it is in this day of ours. If there is no escape from such an era, and if the public expenditures for the development of waterways, airways, and highways are to continue, then in all fairness let us see what this means to the railroads and what, if anything, can be done about it.

First I want to say that for my part I want nothing to do with anything which even approaches putting the government in the railroad business. I don't believe in it and I cannot express myself too strongly on that point. But if as a people we believe that for purposes of national defense and other benefits there should be a continuation of the use of tax monies for improvements in other systems of transportation, then let's consider something like this:

To the extent that the railroads decide to make permanent roadway improvements, especially line and grade changes, let them receive tax exemptions.

In other words, why not allow us a tax credit to offset a part of the cost of these improvements in our roadway in keeping with the policy under which the federal government matches dollar for dollar the money advanced by the individual states for improvements in highways.

The exemption from some or all federal taxes is not a new or unheard of thing. The provision for exemptions in whole or in part in order to further some alleged public good is well established as a principle of federal taxation policy. I only need to mention the total exemption of cooperatives by the way of example. The different tax rates or tax levels for different net incomes is another example. The difference between corporations and individuals is still a third.

My first thought and my first hope would be against all federal aid. This suggestion of a tax exemption is made only in the thought that in the light of current events governmental expenditures during the postwar period appear to be an inescapable part of our economy.

Please keep in mind the fact that the amount of money railroads may spend for improving their plant is dependent, among other factors, upon the volume of business. To the extent that improvements in other forms of transportation at taxpayers' expense result in a service disability to the railroads with its consequent shrinkage in railroad volume, the railroads have a lessened opportunity to obtain money for improvements.

Believing as I do in the necessity for preserving a healthy and aggressive railroad system and believing in the fairness of the American people, I recommend careful consideration by our people of the equity of this plan, to be effective during the time when money is being expended by the federal government for the betterment and improvement of the other systems of transportation.

Attractive Situations

Ward & Co., 120 Broadway, New York City, have prepared circulars on several situations which currently offer attractive possibilities, the firm believes. Copies of these circulars, on the following issues, may be had from Ward & Co. upon request:

Du Mont Laboratories "A"; Merchants Distilling; General Instrument; Great American Industries; Massachusetts Power & Light $2 preferred; Majestic Radio; Magnavox Corp.; Electrolux; Brockway Motors; Scoville Mfg.; Bird & Sons; Cons. Cement "A"; Riley Stoker; Alabama Mills, Inc.; American Hardware, and H. & B. American Machine.

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Schenley Distillers Corporation have prepared an attractive booklet containing the first articles in the series they have been running in the "Financial Chronicle." Copies of this booklet may be had upon request by writing to Mark Merit, in care of Schenley Distillers Corporation, 350 Fifth Ave., New York 1, N. Y.

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New York, January 10, 1945.

Holding the Price Line

(Continued from first page)

There are five major problems which we must lick if we are to win this fight.

Food Rationing

OPA problem number one involves food rationing. A week ago today we announced a series of fundamental changes in our food rationing system. We invalidated surplus sugar stamps covering over **250,000 tons** of sugar. We invalidated nearly **seventeen billion** blue ration points, covering processed foods; and over **ten** billion red points covering meats, fats and oils.

We placed back on the list of rationing products 85% of all meats sold in the average grocery store. We restored five canned vegetables to rationing.

The invalidation of ration stamps was one of the toughest decisions we have ever had to make.

When we originally said there would be notification in the case of invalidation of stamps, we did not estimate properly the number of stamps which would accumulate nor the serious effect the spending of these stamps could have on reduced supplies.

We were wrong. We should have foreseen these possibilities. However, I was not willing to cover that mistake by working a hardship on the great majority who need their stamps to get their fair share of food.

Our choice was simply this: First, we could allow the old stamps to remain valid and cut the value of the new stamps, or second: we could cancel the old stamps and give everyone his fair share of 1945 supplies. The first plan would have allowed one comparatively small group of families a substantially larger share of 1945 supplies than the majority of families. That would have been unfair.

When we asked women who had extra stamps why they had not spent them, the large majority told us "Because we did not need them." Most of them, I am sure, will tell you that it would be unfair to cut the rations of those who have spent their stamps promptly in order to allow an extra share of scarce foods to others who were able to save stamps when food was more plentiful. It was the hardest decision we ever had to make. We knew some people would be mad and with many of them I really sympathize. That is no reason, however, why we should not insist on a fair share of 1945 supplies to each household, particularly when the supplies of these foods are lower than they have been at any time during the war.

Very frankly, these changes in our food rationing program, unwelcome though they be, should not be postponed longer.

It was evident then that meat supplies were likely to be substantially below last year's level. We knew that billions of unused sugar stamps and blue ration points, representing inflationary ration currency, were a threat to the proper working of our whole food rationing program. We knew that the supply of canned foods alloted to civilians was unlikely to be sufficient to meet civilian demand.

The food requirements of the armed forces must be met.

The guns in Europe are still roaring today and all of us realize that we are up against a tough struggle both in Europe and in Asia.

In many sections of the country, meat has been scarce. Distribution has been dangerously uneven. Three weeks ago, for example, 35% of all stores were out of butter; 31% had no rationed beef; 32% had no veal; 45% were out of ham; 66% were out of bacon.

The Army's meat requirements have increased sharply. For the coming three months there will be 15% less meat available for civilians than we had a year ago.

We are faced with the problem of distributing very carefully our available supply of canned vegetables for civilian use until the new pack is completed next summer.

Needless to say, the decision to restore more rigid food rationing was not an easy one. We dislike the necessity for additional red tape and inconvenience to our housewives and grocers.

But facts are facts. And in wartime in particular, they must be met honestly and fairly. The food rationing program which we launched last week will serve, over a period of time, to see that every family in the land gets a fair share of meat, canned vegetables and sugar. If we had failed to meet this issue squarely, we would have failed to carry out the responsibility with which we have been entrusted.

So much for the policy aspects of the rationing situation.

Administrative Problems

I think you may be interested, however, as management specialists, in the administrative problems of carrying out such a policy decision. Let me list some of them.

There are eight OPA Regional Offices, 93 District Offices and about 5,500 local OPA boards—each one of which has to be given instructions for applying and interpreting the regulations.

There are about 8,000 wholesalers and 600,000 retailers of meat, processed vegetables or sugar. Each one of these has to be notified of the basic decisions and provided with a poster showing the point values to be charged for each type of rationed food.

There are some 550,000 hotels, restaurants and other institutional users of rationed foods, including schools, hospitals, asylums and jails. Each one of these has to prepare ration-point inventories by the end of the year.

In addition, there is the problem of issuing new quotas to about 125,000 industrial users of rationed food products.

Moreover, there are about 1,500 newspapers and radio stations to be notified of the essentials of the program so that the buying public and food retailers may suffer as little inconvenience as possible.

Finally, in the case of rationing changes, there is the special problem of maintaining complete secrecy while making preparations to carry out the administrative details. The printing of instructions and regulations, the notification of Field Offices, the necessary consultation with specialists in different parts of the Washington office and with officers of other agencies involve so many people that the maintenance of secrecy is very difficult indeed. And yet, if we are to avoid advance buying of newly rationed items or more tightly rationed commodities, it is essential that there be no advance notice to the general public. We have never succeeded in doing a one hundred per cent perfect job.

On several occasions we have had to advance the effective date of ration changes because leaks had already occurred. Naturally, this leads to confusion, since we are then not able to put out the necessary instructions on time. However, during the last three years, we have all learned a good deal about the administrative details of rationing. The public is much better informed. The trades involved are very cooperative, and our own specialists have been trained in the hard school of experience. We can look forward, I think, to a much smoother operation of all rationing programs in the future.

OPA problem number two, for which we shall have to find some solution, is control over livestock prices. For many months now, live cattle has been almost the only basic commodity, either agricultural or manufacturing, on which there has been no price ceiling.

We have encountered difficulties in administering ceiling prices at wholesale and retail levels because the price of the original product is not under control. But control over livestock prices involves serious technical difficulties.

In tightening controls over the top prices in livestock we would be taking a step which, to many cattle raisers, would seem to be a drastic one. There is considerable resistance to it.

We in the OPA have felt for a long time that such controls are inevitable. If the authority should be delegated to us by the Stabilization Director, we would act promptly.

We feel we would be better protecting the public against overcharges at the retail level.

But, again, it will be a tough decision, and it would not be an easy program to manage.

Since the quality of beef cannot be accurately graded on the hoof, it has to be graded after slaughtering. There are about 20,000 slaughterers, ranging from very small operations, employing a few men, to the huge, integrated companies making the fullest possible use of all by-products. These slaughterers must be inspected by a very limited staff of skilled people. The specialized knowledge required for proper inspection and grading of dressed beef takes many years to acquire.

In addition to the slaughterers, there are about 10,000 meat wholesalers and more than 500,000 meat retail outlets. Compliance with ceiling prices at each level of distribution must be achieved if the consumer is to be protected at retail. If there are violations at any level of distribution, it produces squeezes at later levels which make the elimination of black markets extremely difficult, if not impossible.

To secure compliance with retail ceiling prices, more than a million meat price charts for different price zones have to be prepared and distributed in retail stores and to the Price Panels of local Boards. Members of Price Panels must be recruited and trained to organize and administer the work of Price Panel Assistants who help butchers abide by price regulations and take care of reported violations.

Success in carrying out this tremendous management task depends, to a very large extent, upon the understanding and cooperation of both the trade and the housewife. This, in turn, involves an information program to trade associations, trade papers, general newspapers and consumer organizations.

It's not an impossible job, but we're going to have our hands full.

Pricing For Distributive Trades

OPA problem number three, to which we must find a fair and practical answer lies in our pricing policy as it applies to the distributive trades: sales agents, jobbers, wholesalers and retailers. In justice to the consumer and to other segments of our economy, I believe we have no alternative but to apply the principle of cost absorption to the distributive trades we have so long applied to producers.

The Price Control Act states only that the ceiling prices set by the Office of Price Administration should be "generally fair and equitable." It was up to us to determine what those words mean in actual practice. To carry out the purpose of the Act we established pricing standards which required the absorption of certain increases in cost before price increases were allowed. If it had not been for this principle the level of all prices would be far higher than it is today. We might well be headed toward a dangerous inflation.

In spite of the fact that we have insisted that manufacturers absorb increased costs as long as their overall earnings were satisfactory, business in general has been far more prosperous than in any other period in the history of our country.

These principles of pricing were fully explained to Congress last Spring. We spent many days before Congressional committees with charts and graphs, explaining our standards for price increases both as a general matter of policy and in specific individual cases. Since Congress extended the Act without any changes in these standards, it thereby expressed its approval of them. In a case decided in August, the Emergency Court of Appeals upheld their validity.

Even after reasonable cost absorption, however, price increases to manufacturers and other producers are some times necessary according to these standards. When those occasions occur (and I hope they will not be too numerous) it seems only fair and just that we apply the same accepted, tested principle of cost absorption to wholesalers, retailers, and other distributors.

As in the case of other groups, the distributive trades have been very profitable during the war period. Large department stores on the average are making nearly seven times as much and small department stores are making about nine times as much on net sales as they were in 1936-39. The hardware retailers are making nearly three times as much on net sales as they did in 1936-39. The hardware wholesalers are making nearly twice as much. Greatly increased profits are also true of music stores, dry goods wholesalers, etc.

As long as these wartime profits remain high, it is only reasonable for the distributive trades to help share cost increases. It is only proper that the consumer should be protected against increases in the retail price on those occasions where some increase is necessary at the manufacturing level. The pricing standards which we have developed are, I believe, entirely fair.

However long it takes to win the war, our pricing standards will leave the distributive trades, with rare exceptions, in a more profitable position than they have ever been in peacetime.

Again, I believe there is no question of the rightness of our stand. And again I am confident that the vast majority of store owners, wholesalers, and other merchants will cooperate with us to the hilt. But there will be some, of course, who will attempt to apply pressure and who will complain bitterly, even in wartime.

Clothing Situation

OPA problem number four lies in the clothing situation. Clothing, as you probably know, is the only one of the three principal items in the cost of living which has risen in the last year and a half. The level of average rents throughout the country is exactly where it was thirty months ago. The index of individual food prices, according to the Department of Labor, is actually five per cent lower than in the Spring of 1943.

But clothing prices have climbed steadily. The climb has been only a portion of the increases we had during the last war, when clothing prices increased more than **200 per cent** but the price has risen steadily. The increase this time has amounted to something like **eight per cent** in the last twelve months. But this increase has bothered us a great deal and in

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WILLIAM TUNIS, Comptroller

STATEMENT

at the close of business, December 30, 1944

RESOURCES	
Cash on hand	$2,242,190.54
Cash in Banks	25,077,819.85
U. S. Government Bonds	30,118,830.89
N. Y. State and City Bonds	5,712,006.17
Other Bonds	6,969,431.74
Stocks	845,054.70
Bonds and Mortgages	1,586,632.60
Loans on Collateral, Demand and Time	880,450.22
Bills Purchased	430,878.71
Real Estate	822,610.41
Other Assets	346,227.68
	$75,032,233.51

LIABILITIES	
Capital	$500,000.00
Surplus	6,500,000.00
Undivided Profits	821,545.55
Due Depositors	66,110,741.35
Checks Certified	11,747.04
Unearned Discount	2,660.78
Reserves for Taxes, Expenses and Contingencies	1,018,660.92
Official Checks Outstanding	66,877.87
	$75,032,233.51

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MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

fact has threatened our whole anti-inflation program.

We have been further disturbed by the deterioration in clothing quality and the disappearance of low-price lines. These difficult problems must be met. And again the solution is bound to be disturbing to some groups.

The War Production Board has already taken steps to eliminate or curtail the use of fabrics for non-essential purposes. WPB is taking further steps to allocate fabrics to basic uses for which there is the greatest need.

The OPA in turn has taken strong measures to eliminate over-finishing and over-fancying of materials. We are now taking additional steps on finished clothing.

I am afraid some of the moves which we will make will not be greeted by cheers from some of those in the clothing field. But again, I can only point out that the production of textiles and the manufacture of clothing has been very profitable during the war. Already we are open to grave criticism for allowing prices in this field to rise even to the extent to which they have risen.

If we failed to correct this situation now, we would be failing to carry out a major part of our difficult wartime responsibility. I am sure the steps which we must take during the next thirty days to bring clothing prices and quality under better control will be welcomed by consumers and will be conceded to be fair by all the responsible members of the textile and clothing industry.

It's not going to be easy, however, as I think you can judge from the administrative problems involved. There are 3,500 textile manufacturers; 650 converters of textiles; 5,500 wholesalers and jobbers; 1,900 apparel manufacturers and 200,000 retail clothing stores. The trade channels through which textiles and apparel move are probably more complex and varied than those of any other industry. New firms are constantly entering the field while others disappear.

Continual changes take place in style and in the actual processes of manufacture. There are few satisfactory quality standards to which specific prices can be attached. There is so little uniformity of business practice that it is very difficult to draft satisfactory general rules under which we can operate.

We must have fairly accurate information on which to base decisions. We cannot play by ear without becoming arbitrary. If we are to have information, questionnaires must be carefully prepared which will cause the least inconvenience to business. The results of these questionnaires must be put in usable form.

After general regulations have been drawn, there must be provision for meeting the particular circumstances of individuals or special groups. Thousands of applications have to be processed. New prices have to be set on new goods.

Compliance with regulations must be secured at each level of manufacture and distribution through the cooperation of the trade press, trade associations and individual businessmen. Compliance meetings have to be organized, and permanent compliance committees set up.

Specialized information in the form of press releases and easily readable trade bulletins have to be prepared. Enforcement investigations have to be undertaken. Legal actions must be instituted and court cases presented.

For this stupendous job we have available two or three hundred price specialists, about 370 enforcement investigators and fewer than a hundred attorneys for the entire country.

It is pretty clear, therefore, that even though the original policy decisions may be tough, the actual administration of these decisions involves a good many headaches before the results begin to show up in the cost-of-living. Such a program can't be carried through without error, without strain, irritation and difficulty. But I believe that every month we stay at this our efficiency improves. We're a lot better at it now than we were two or three years ago. And none of us will be content unless we can continue to show improvement.

Reconversion Price Policy

Finally, on our list of OPA problems, there is the question of reconversion pricing. When the happy day eventually comes when our factories once again hum with the manufacture of such consumer goods as automobiles, vacuum cleaners, washing machines and radios, we shall be faced with the problem of reviewing ceiling prices in these fields—most of which reflect March 1942 prices.

Our policies in this field have already been stated on other occasions. Let me repeat them here. It is our belief, based on preliminary studies, that with relatively few exceptions the consumer durable items which have been off the market during the war years can again be placed on sale at the same prices which were charged the consumer during the first quarter of 1942.

There have, of course, been some increases in wage rates and some increases in raw material prices. But for all these products there will be an almost unlimited demand once the war has been finally won. Big volume makes for lowered costs. Selling costs will also be lower, and overhead charges will be reduced. We believe that these reduced costs will go a long way toward offsetting such increases in wage rates and material prices as there may have been. When cost increases cannot be absorbed by the manufacturers, we shall ask, within reason, that they be absorbed by those who distribute the product to the final consumer.

If we are to meet squarely our aim of a stable peacetime economy, if we are to hold the line vigorously and courageously against inflationary forces, retail prices on these products must be firmly held. This, I believe, can be accomplished with full allowance for generous profits, in most cases, to manufacturers, distributors, wholesalers, and retailers.

Our American economy runs on the profit motive. A fair and just profit at all levels of production and trade should be maintained. But we must appreciate, too, that while some costs go up, other costs go down. And if we are really determined to control the forces of inflation, we must be willing to forego the chance for inflationary profits, which, pleasant though they might be for the moment, could only lead to disaster.

I have listed just a few of our problems. Most of them are not easy. I can assure you that the handling of them is not a pleasant task. In seeking their solution, we are certain to make some mistakes. In any such vast operation as this, some errors and some irritations are inevitable.

As I have said so many times before, we will work constantly to eliminate such mistakes as fast as they occur, and to provide the fairest possible administration of the law which Congress has placed in our charge.

We all know that wartime controls are difficult and unpleasant. But we will accept them, I believe, with relative cheerfulness as long as we have reason to believe they will fulfill these objectives.

Postwar Inflation Checks

Can we actually hold inflation in check? Can we maintain a stable economy? Can we avoid the skyrocketing prices which historically have always gone with war? Frankly, I believe we can. But let me quickly add that I am not **over-confident.** So far our record has been reasonably good. The level of wholesale industrial prices is only three percent above the prices of thirty months ago . . . that is, the spring of 1942, when OPA price control first went into effect. During the last eighteen months the average of these prices has been held almost exactly even. That means millions upon millions of dollars already saved in the cost of fighting the war.

The cost of living since the first days of price control has increased only **nine per cent.** Since our OPA controls have been perfected—that is, since the spring of 1943—the increase has been only **one per cent.** As I pointed out, we have been weak on clothing, but that weakness has been largely offset by our record on food and rent. I believe that our new clothing program will put an end to price increases in the clothing field.

But we cannot afford to be over-confident. It would be folly to make promises in a field as difficult as this. We should remind ourselves that once before we met the problem and fumbled it rather dismally. After the defeat of Germany, in 1918, prices for a while fell off. From one end of the country to the other, it was said that the danger of further inflation was over. But in March, 1919, prices started upward, and a wild scramble for inventories developed. Prices higher and higher with wages tagging along behind. The white collar worker—as usual—faced special difficulties.

In June, 1920, the inflationary boom collapsed. In a single year eleven billion dollars in inventories were wiped out. Substantial business profits turned into losses. Net farm income dropped by **62 per cent.** Factory payrolls dropped **44 per cent.**

If our price structure were again to get out of hand, the consequences would be far, far worse. The amount of inflationary pressure in this country today is unbelievably great. If those forces are not firmly and courageously controlled, neither you nor I nor anyone else can estimate the chaos which could result.

The war in Europe today is a long way from being won. Those who are in a position to know say that many months of hard fighting lie ahead of us. During those months, we who are responsible for the control of prices and those who are responsible for production, both in our factories and on our farms, will be faced with problems that will be staggering.

But when the German war is won, we in the OPA may be faced with problems which may be even greater—for, as I pointed out, it was **after** the Armistice of 1918 that the greatest price increases occurred after World War I. For this reason we must hold the price line firmly not only until V-E Day, but for some time thereafter.

Many of us feel that the greatest inflationary threat will come from four to seven months after the Germans finally give in. It will be then that the first consumer durable products come into the market in quantities far below the effective demand. It will be then that our workers will regain their confidence with jobs in peacetime industries. It will be then that our savings will come out of our banks and war bonds. It will be then that the terrible threat of an inventory boom will be most potent. In this period we shall all be called upon for our greatest efforts—if inflations is to be finally licked.

But there will come a time when supplies again begin to approximate demand. At that time price controls will be eliminated first from one field and then from another. I can assure you we are only too anxious for that day to come.

In the intervening months, our task will be great. Without the vigorous support of farm groups, labor groups, our Congress and the people in general, we in the OPA cannot hope to accomplish our task. Without such support, we will be swiftly swept aside and the flood gates of inflation will open.

In the struggle to maintain a stable price level, our whole economic future may be at stake. If rents should start up; if food, clothing and raw material prices should start up, the rise would gain in speed and soon be beyond our powers of control.

We would again face economic disaster and collapse — collapse from which our economy could recover only with great difficulty and after widespread suffering.

When the war is won, our hearts are set on a new and vastly more prosperous America, with plenty of jobs at good wages; with good income for our farmers; with reasonable profits for our business men.

The world we live in, when the peace finally comes, will be an unsettled world — potentially a revolutionary world. If we in America are to know full security, full prosperity and full opportunity, we must make our economic system work effectively and efficiently in the interest of all of us.

We must fully employ all our resources and all our manpower to raise our standards of living to provide good jobs, a good education, decent medical care, vastly improved housing and a generally higher standard of living for every family in the land. If we fail to meet this test our system will have failed. We will have failed and America will have failed. The price control program, for which we in the OPA are responsible, is a basic part of this fight for a finer, more prosperous and more democratic America.

We will need your help, your understanding and your support if we are to succeed in meeting our responsibilities in the difficult months that lie ahead.

Interesting Rayon Stock

Delaware Rayon Co. Class A Stock offers an interesting situation with an attractive yield, according to a study prepared by F. H. Koller & Co., Inc., 111 Broadway, New York City. Copies of this interesting material may be had from F. H. Koller & Co. upon request, and also a memorandum on Cross Company.

Fashion Park Attractive

A detailed study of Fashion Park, Inc., is contained in a special circular prepared by Simons, Linburn & Co., 25 Broad St., New York. Copies of this interesting study may be had from the firm upon request.

THE PUBLIC NATIONAL BANK
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Main Office, 37 Broad Street

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CONDENSED STATEMENT
OF CONDITION
December 31, 1944

RESOURCES

Cash and Due from Banks	$75,955,664.66
U. S. Government Securities	257,941,963.78
State and Municipal Securities . . .	4,093,843.72
Other Securities	2,756,766.07
Loans and Discounts	96,041,907.73
Customers' Liability for Acceptances .	1,095,754.41
Stock of the Federal Reserve Bank . .	480,000.00
Banking Houses	1,981,646.44
Other Real Estate	45,143.66
Accrued Interest Receivable	948,360.03
Other Assets	267,792.79
	$441,608,843.29

LIABILITIES

Capital	$7,000,000.00	
Surplus	9,000,000.00	
Undivided Profits	4,508,039.51	$20,508,039.51
Dividend Payable January 2, 1945 . . .		150,000.00
Unearned Discount		233,959.37
Reserved for Interest, Taxes, Contingencies		3,498,108.87
Acceptances	$2,643,492.46	
Less: Own in Portfolio .	1,183,561.87	1,459,930.59
Other Liabilities		233,697.48
Deposits		415,525,107.47
		$441,608,843.29

Securities carried at $60,187,309.73 are pledged to secure U. S. Government War Loan Deposits of $58,146,632.47 and other public and trust deposits, and for other purposes as required or permitted by law.

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Canada and War Finance

Our new pamphlet entitled "Canada and War Finance, September 1, 1939—November 30, 1944," provides an interesting survey of many salient features of the Dominion's wartime economy.

Among the topics dealt with are government debt and interest charges, bank deposits and security holdings, national income, war production, and industrial company reserves.

Copy of this new pamphlet gladly furnished upon request.

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Canadian Securities

By BRUCE WILLIAMS

Recent events, notably the Chicago Air Conference, indicate that the Great Powers of the world are not yet ready to arrive at harmonious agreements on post-war economic matters.

This would appear to preclude the "Key Countries" approach to the stabilization of world currencies. And, incidentally, the possibility of the relinquishment by Canada of an export advantage in the shape of the 10% discount against the U. S. dollar is now more remote.

Therefore, although the Bretton Woods plan has many obvious imperfections, it offers nevertheless the only existing basis of general agreement on the international monetary stabilization problem. Of still greater importance in the light of recent experience, it would be a tragedy lightly to abandon a world plan which in spite of its complexity was approved by 44 nations, the delegates of which were able to work together in a spirit of friendly cooperation.

The many critics of the plan, however, would be less skeptical if it were clear that the management of the Fund would be entrusted to a body composed principally of bankers and business men with wide experience of international commerce and finance.

With regard to the favorable aspects of the scheme, it does offer a possible solution of that most knotty monetary problem, namely the gradual liquidation of the vast accumulation of blocked sterling. And, from the Canadian point of view, the ready convertibility of sterling into U. S. dollars is of vital importance.

Moreover, the fear that an overwhelming pressure will be placed on the supply of U. S. dollars is likely to prove unfounded. On the cessation of hostilities, there will be a universal demand primarily for basic items of food and clothing and materials for building reconstruction. At that time, as soon as world trade is diverted into normal commercial channels, buyers will purchase in the cheapest markets. For instance, wheat and lumber will be purchased from Canada in view of the wide differential in the prices of these commodities here and in the Dominion. Likewise in the case of cotton another outstanding example is provided.

However, it must be emphasized that before any normal resumption of foreign trade will be possible, it will be essential to have a multilateral scheme for the convertibility of world currencies and it now appears that the only hope remaining for its realization is to adopt the Bretton Woods plan. If it is entered into in a spirit of cooperation and determination to make it a success, it will not be surprising if its former critics will become its foremost advocates.

Turning to recent developments, the call for payment at 102½ of the $18,000,000 Shawinigan Water and Power 4½s of 1970 came as no little surprise to the market. The issue will be refunded internally, and the new financing for the same maturity will be effected at 3½%. Thus Canada continues to repatriate its external debt, and this latest demonstration of this policy leads to the consideration of the possibility of a further similar refunding of the $34,000,000 4½s of 1967 which are callable at 102.

During the past week, the market in general fully justified previous anticipation. The first investment order in Montreals of any size duly materialized and the abnormal lag in this situation now appears well on the way to correction. Albertas were also in confident demand in spite of the lack of definite news regarding an early settlement of the provincial debt problem. It now appears more than ever possible that the previously mentioned suggestion that the Government of Alberta might ultimately make a direct approach to the bondholders, will be eventually borne out in fact.

All the other sections of the market also moved in accordance with expectations. Prices were higher throughout the list and dealers were willing to replenish depleted inventories. Internal issues were in steady demand and free funds continued strong at 10⅛% discount. It is becoming increasingly apparent, however, that the market's principal problem is the growing scarcity of supply of high-grade securities, apart from the internal issues.

With regard to the possible future course of the market, there is little reason to anticipate any early reversal of the present strong trend.

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Railroad Stocks Should Follow Railroad Bonds

Pflugfelder, Bampton & Rust, 61 Broadway, New York City, members of the New York Stock Exchange, have prepared reprints of an address by Patrick B. McGinnis entitled "Railroad Stocks Should Follow Railroad Bonds." Copies may be had from Pflugfelder, Bampton & Rust upon written request.

Berrien Securities Inc. Formed In Michigan

(Special to The Financial Chronicle)

BENTON HARBOR, MICH.—Berrien Securities, Inc. has been formed with offices at 805 Pearl Street, to engage in a securities business. Officers are Carl F. Thiel, president; Lewis W. Lawrence, secretary and treasurer; and Vera J. Yerington, vice-president.

Mr. Thiel was formerly with H. H. Diffenderfer & Co.; Mr. Lawrence was with Schouten, White & Co.

Some Current Problems Of Federal Regulation

(Continued from page 165)

of the value of the security under consideration. While it would require that the current quotations be given the customer, it would not prevent the salesman or his firm from giving more detailed information concerning the size of the market, its availability, or such other facts as may be deemed material.

Now I believe that in making retail sales to a customer the firm in the eyes of the common law is usually an agent for the customer.

Let us pass over the delicate question of agency, however, and concede for argument's sake that in the kind of transaction which I have just described the firm is a true dealer; that is, that it is selling its merchandise in a genuine arm's length transaction. If the customer is informed on security matters I am sure that one of the first questions which he will ask is, what is the market value of the security? I take it that no one will dispute that he is entitled to an honest answer to that question. Let us assume, however, that the prospective buyer is not fully alive to the situation and is ignorant of the factors which enter into a determination of the price which he should pay for the security. Again I take it that no one will be found who will argue that the dealer should take advantage of that ignorance. Should the uninformed customer be kept in a poorer position to protect himself than his more sophisticated brother? Not if the theory is sound on which our Federal securities legislation is grounded. As a Commission we are dedicated to the disclosure principle. We believe that there are no material facts which should be withheld from investors or potential investors.

Indeed, in connection with those offerings of securities as to which registration is required under the Securities Act of 1933 disclosure of the market quotations prevailing at the time of registration is always required where the terms of the offering make such disclosure material. Moreover, as you know, detailed information is always contained in such statements concerning the extent of the interest in the distribution of underwriters and all other persons who are participating therein.

Moreover, it is unlawful under Section 17 of the Securities Act to omit to state a material fact if the omission makes misleading the facts which are stated. Value is, of course, a material fact. Every time a dealer makes a sale of a security he places a value on it and if that value is at material variance from the market value, the dealer is under an obligation to disclose that market value. If the failure of the dealer to make disclosure becomes the subject of litigation, what is a material variation will usually be a question of fact for the jury. It is not too much to suggest that a jury might find any variation a material one. As the Second Circuit Court recently stated in the Hughes case:

> "The essential objective of securities legislation is to protect those who do not know market conditions from the overreachings of those who do. Such protection will mean little if it stops short of the point of ultimate consequence, namely, the price charged for the securities."[†]

Apart from legal arguments, however, everyone is agreed that the dealer should not take advantage of his customer's ignorance. This would seem to destroy the validity of one of the most common objections urged against a disclosure rule, namely, that customers if informed will not pay more than the current market price. For if it is true that customers who are informed of the market value would refuse to pay a higher price, then it must follow that the dealers who charge more than the current market are taking advantage of their customers' ignorance.

Another objection which is urged against a market disclosure rule is that it will put some dealers out of business. If you go back into history, this argument has been brought out whenever anyone proposed that the investing public be given a break in security matters. Originally it was urged against the state blue-sky laws. It was urged against the Securities Act and the Securities Exchange Act. It is getting somewhat shopworn. Nevertheless, there may be something to it. A market disclosure rule may put some firms out of business. I am told that the blue-sky laws did. I am sure that the Securities Act and the Securities Exchange Act did. I have no reason to believe that a market disclosure rule will not. However, I cannot lament the firms which were closed down by the blue-sky laws, the Securities Act and the Securities Exchange Act; and I cannot mourn those who, it is said, will not survive if they take their customers into their confidence to the extent of informing them of the market value of the securities which they are solicited to buy or sell. There are, and will remain, hundreds of firms who make an even more complete disclosure to their customers.

No one who is familiar with the work of the state securities commissions or with the work of the SEC can fail to be impressed by the value of the legal safeguards which have been devised for the protection of investors since the sad experience of the late 1920's. In the federal field, however, these safeguards are most in evidence with respect to new offerings and to those securities which are listed upon national securities exchanges. In spite of the various provisions of state laws and of the Securities Exchange Act and the adoption of rules and regulations relating to the over-the-counter market there is not yet adequate regulation of that market, nor will such regulation come with the adoption of a market disclosure rule alone. The same spotlight of disclosure which did so much to restore public confidence in our exchanges and in the securities listed thereon should be placed upon the over-the-counter market as well. This spotlight should be upon those securities which are not listed on a national securities exchange as well as upon the transactions which are effected in the over-the-counter market.

As you know, the Securities Act requires the registration of new offerings and the Securities Exchange Act the registration of those securities which are listed on national securities exchanges. There are thousands of securities now outstanding, however, as to which registration is not required and concerning which little public information is available. Most of these securities are traded exclusively in the over-the-counter market, although there are some which are admitted to unlisted trading privileges upon national securities exchanges. Here is a unique opportunity for all brokers and dealers to serve the interests of the investors of America. This they can do by promoting standards of disclosure to which unregistered issuers of corporate securities must adhere. In this connection there comes to my mind at once the example of the New York Stock Exchange which many years ago began to insist upon certain disclosures by issuers whose securities were traded on its board. Those familiar with the pioneering work of the New York Stock Exchange in this respect agree with Adolph Berle who has stated that the most forward looking steps taken in Wall Street during the late 20's were taken by the Listing Committee of the New York Stock Exchange in order to promote the public disclosure of material facts concerning the issuers of the securities listed on that exchange.

[†] Charles Hughes & Company, Inc., vs. Securities and Exchange Commission, 139 F. (2d) 434, 437 (C. C. A. 2d, 1943).

Much of the work of that committee has been superseded and augmented by the registration requirements of the Securities Exchange Act of 1934. The Senate Committee which reported favorably on that statute said of its registration requirements that they contain the minimum protections which security holders are entitled to receive. These requirements plus other statutory protections have combined to increase the faith of the American investor in the operation of certain segments of our securities markets.

It is a matter of concern to those of us who represent agencies of the government that the minimum protections afforded by these registration requirements are not available to all investors. It should be of even greater concern to those whose responsibility it is to supervise the investments of their clients. Just as it is true that confidence cannot exist in a market in which values are concealed, so it is also true that public confidence cannot long continue in those issuers of securities who pursue a policy of withholding material facts from their public security holders. It is difficult to understand how a broker or dealer can advise the purchase of the securities of an issuer which does not give recognition to its obligations to its security holders by keeping them fully and fairly informed at reasonable intervals concerning the progress of the enterprise. Not only is there little basis for confidence in the securities of such an issuer, but also there is bound to be some lessening of public confidence in a security firm which encourages its customers to invest their funds blindly. It must be borne in mind that in times of stress the public often lays the acts of an issuer at the door of the firm which underwrote or otherwise sponsored an interest in its securities.

It would seem to be both appropriate and feasible for professional organizations of brokers and dealers to establish high standards of disclosure for all issuers of publicly-held securities, and for the individual members of those organizations to enforce observance of those standards by refusing to recommend to their customers the securities of those issuers who fail to comply. Those standards should strive to approach those required of registered companies by Federal law, for, as I have already remarked, the Senate Committee on Banking and Currency, after months of hearings and study, stated that the registration provisions of the Securities Exchange Act represent the minimum protections which stockholders should have. Those issuers of publicly-owned securities who studiously sidestep their obligations to their shareholders will have no just ground for complaint if they find their securities ignored by responsible brokers and dealers. History has recorded too many instances of tragic consequences to investors by reason of the failure of those managing an enterprise to take its owners into their confidence concerning the progress of the business.

The inauguration of a program to compel such disclosures cannot help but raise the confidence of investors in those engaged in the securities business. I do not mean to suggest that brokers or dealers can, without the aid of additional legislation, achieve for their customers who buy unregistered securities protections equal to those now enjoyed by the owners of registered securities. I do mean to say, however, that because there is so much room for improvement in the field of unregistered securities, brokers and dealers can greatly advance their interests and the interests of investors by promoting more adequate disclosure by the issuers of unregistered securities pending the adoption of appropriate legislation, the need for which is pretty generally recognized.

I believe that it is of paramount importance for those of us in Government as well as for those who are in the securities business, and investors generally, to promote the observance of those standards of corporate morality which are embodied in the State and Federal laws relating to securities. To the extent that issuers or transactions are not covered by these laws it is in the self-interest of brokers and dealers to seek to extend the wholesome benefits of the disclosure statutes to all issuers. I know that this philosophy runs counter to the current thinking of some professionals engaged in the securities business. I know some who see in the current disparity of responsibility between registered and unregistered companies an opportunity to build a business confined to dealing in unregistered issues. I know of professionals who to promote their own self-interest have sought to persuade issuers to avoid or escape the responsibilities of registration, and to withhold from the American investors those protections which the Senate committee described as minimum protections. These are the professionals who mistakenly believe that they are in competition with their customers and who find in public ignorance an opportunity for profits based upon inside knowledge of the affairs of an issuer. Such professionals are blind—blind to their own responsibilities to their customers and blind to the responsibilities of the securities business to that segment of our national economy which it professes to serve.

In making the suggestions which I have advanced here today I have been influenced by the conviction that those engaged in the securities business are not hucksters. It is not doing violence to the truth to state that the public relies upon them for investment advice, largely because of the efforts of those engaged in the business to achieve that objective. Moreover, this reliance of the individual upon the professional is the natural result of public bewilderment in the field of finance, a bewilderment which is born of a recognition that the choice of proper investments from the thousands of securities outstanding is one which can best be made by experts in the field. Since the securities business has successfully sought to foster this dependence of the public customer on the professional with whom he deals, it is time for all those engaged in that business to give recognition to those responsibilities which spring from that dependence.

The true role of persons engaged in the securities business is one of service—service to the issuer who needs capital as well as to the investor who has capital seeking employment. To suggest that persons engaged in work of such importance to our economy should depend for their livelihood on the concealment of material facts is to underestimate their place in the field of modern finance as well as to belittle the dignity of their occupation. An enormous amount of our savings is invested in securities. That dealers, by concealing markets, should seek to withhold from the public the most practical gauge of the value of these investments is as short-sighted as it would be for a bank to seek to conceal the facts concerning its ability to repay its depositors. Confidence exists when facts are known. Confidence, however, must be earned, and to be earned must be deserved. It is not deserved by those who would make market value a trade secret.

If they have not already attained it, persons engaged in the securities business approach a professional standing, and as professionals or quasi-professionals must be judged by standards worthy of their status. It is not consistent with the public interest or their own pretensions to judge them by any other standard. They must not compete with their customers for trading profits, for such competition would be so weighted against the individual as to be unfair. They must not be permitted to take a hidden toll of that part of the public's savings which is invested in securities. They are of course entitled to profit from their calling by being fairly compensated for their services. But that compensation should not come from hidden charges which are made possible by the concealment of material facts. As Congress said in 1934:

> "There cannot be honest markets without honest publicity. Manipulation and dishonest practices of the market place thrive upon mystery and secrecy. . . ."[‡]

The laggards in the securities business must quicken their pace and fall in step with the progressive elements which correctly interpret their obligations to their customers and to the nation. In the long run this is the only way to retain the public confidence on which the securities business depends.

Because of the concealment of material facts from investors, that confidence was once lost. It can be lost again.

[‡] H. R. Rep. No. 1383, 73d Congress., 2d Sess. (1934).

Louisville & Nashville Bond Issue
$53,835,000 Oversubscribed

A nationwide syndicate of 145 investment houses, headed by Halsey, Stuart & Co., Inc., won the award, Jan. 4, of $53,835,000 Louisville & Nashville RR. first and refunding 3⅜% bonds, series F due April 1, 2003, on a bid of 104.66. The successful bidders immediately reoffered the bonds at 105.88, subject to approval of the Interstate Commerce Commission and the issue was quickly oversubscribed.

The road will use the proceeds from the financing, together with other funds, for retirement or redemption, on or before April 1, 1945, at 105 and accrued interest of the following first and refunding mortgage bonds: $14,000,000 series B 5s, $31,000,000 series C 4½s and $8,835,000 series D 4s, all maturing April 1, 2003.

Through the call for redemption on Jan. 1, 1945, of $11,000,000 bonds and the payment of certain equipment obligations, the road reduced its funded debt, including equipment obligations, by $14,514,566 in the past year. Interest requirements for one year on funded debt and equipment obligations as of Dec. 31, 1944, after giving effect to the Jan. 1 redemption and the present financing, amount to approximately $6,959,989, or 31.9% lower than in 1933.

As long as any of the new series F bonds are outstanding, there is to be an annual sinking fund payment, commencing with Oct. 1, 1945, of $269,175. The bonds are redeemable, as a whole or in part, at prices ranging from 110⅞ to par, and through operation of the sinking fund, at prices ranging from 107⅞ to par, plus accrued interest in each case.

Attractive Possibilities

Standard Stoker and United Printers and Publishers common offers attractive possibilities, according to memoranda issued by Buckley Brothers, 1529 Walnut Street, Philadelphia, Pa., members of the New York Stock Exchange and other national Exchanges. Copies of these memoranda may be had from Buckley Brothers on request.

Bright Possibilities

The current situation in Central Iron and Steel also appears interesting, according to a bulletin just issued by Lerner & Co., 10 Post Office Square, Boston, Mass. Copies of this may be had for the asking.

Servel, Inc., Preferred Shares Publicly Offered

An offering of a new issue of 60,000 shares of $4.50 cumulative preferred stock (no par), of Servel, Inc., made Jan. 9 by a group headed by Kuhn, Loeb & Co. The issue, priced at $105 per share plus accrued dividends, was quickly oversubscribed.

Other underwriters are: Blyth & Co., Inc., Coggeshall & Hicks, The First Boston Corp., Glore, Forgan & Co., Harriman Ripley & Co., Inc., Mellon Securities Corp., A. G. Becker & Co., Inc., Merrill Lynch, Pierce, Fenner & Beane, Union Securities Corp., A. C. Allyn & Co., Inc., E. H. Rollins & Sons, Inc., Slade & McLeisch, Tucker, Anthony & Co. and G. H. Walker & Co.

The proceeds to be received by the company from the sale of these shares will be added to general funds, to be used for a tentative reconversion and postwar program. The company also has outstanding 1,726,926 shares of $1 par common stock.

The new stock is redeemable at prices ranging from $110 for redemption on or before Oct. 31, 1949, down to $107½ for stock redeemable after Oct. 31, 1953.

O'Connell & Janareli Form Brokerage Firm

Homer J. O'Connell and Joseph Janareli announce formation of the firm of O'Connell & Janareli, to conduct a general brokerage business, specializing in railroad securities.

Mr. O'Connell was for many years Manager of the railroad bond department of Adams & Peck. Mr. Janareli has been associated with Freeman & Co. for 20 years, specializing in railroad securities.

The new firm is to be located at 120 Broadway, New York City.

MELLON NATIONAL BANK

PITTSBURGH

STATEMENT OF CONDITION AT THE CLOSE OF BUSINESS
DECEMBER 30, NINETEEN HUNDRED FORTY-FOUR

RESOURCES		LIABILITIES	
CASH AND DUE FROM BANKS	$ 120,088,812.96	CAPITAL	$ 7,500,000.00
U.S. GOVERNMENT SECURITIES	445,361,765.51	SURPLUS	35,000,000.00
OTHER BONDS AND INVESTMENTS	13,258,331.80	UNDIVIDED PROFITS	4,239,400.15
LOANS AND DISCOUNTS	35,803,574.19	RESERVES	11,609,582.87
BANKING PREMISES	2,722,703.70	DEPOSITS	558,886,205.14
	$617,235,188.16		$617,235,188.16

DIRECTORS

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*IN MILITARY SERVICE

MEMBER FEDERAL DEPOSIT INSURANCE CORPORATION

One World—Its Sales Significance

(Continued from first page)

Nor does it help that we are at a period when only one thing is certain, and that, uncertainty—universal confusion of thought exists and increases because conditions under which people have lived in the past, here or overseas, are being affected profoundly by military campaigns whose end is nowhere in sight, and whose impact extends far beyond immediate battlefields. The turmoil that has followed the liberation of Italy, Greece, Belgium, France and parts of Poland is but a foretaste of what probably will be repeated in other parts of Europe and in the Far East as war-imposed compulsion is relaxed. Quite literally, we shall face a new world when the fighting ceases, and none can tell what code of commerce then may be written.

What I propose to do in the circumstances is to present for your consideration some reasoning I have applied to the solution of problems in foreign trade that have arisen in my own business, and to those of others that have been presented to me for advice. In the course of my remarks I shall endeavor to answer the questions your committee has postulated as best I am able, although I may have to be much less positive in my conclusions than either you or I will like.

Misconceptions of Foreign Trade

There is probably no phase of business that is less understood, or about which there is more misconception, than our commercial relations with other countries. People fear what they do not comprehend, and readily attribute to it blame that belongs elsewhere. Because of this benightment, foreign trade has been used as a national political football for decades, and many a pompous nit-wit has taken his seat is Congress as the result of party dogma or pressure-group misrepresentation that inspires emotionalism when the need is for sober judgment.

Usually this perversion has taken the form of solicitude for labor, and a comparison of wage rates existing here and in one or another overseas country is offered as conclusive evidence of the need to protect the workers in our factories and on our farms. There was some of this specious presentation even during our most recent election campaign, though the argument has lost much of its appeal excepting in sections where intense political prejudice or low levels of education persist. Comparison between the income of a laborer in the United States and that of a Chinese coolie will not serve much longer as a shibboleth for office seekers when the production records we are now making become increasingly available.

Unfortunately, it has taken the bloodiest war in history to demonstrate to ourselves as well as to others what a marvelous protion machine the United States has become. Our consistent policy of constantly increased wage levels has forced us to widespread adoption of labor saving methods and devices, until it is duction machine the United States four to ten times as much invested in plant and machinery per worker as do any of our past or prospective competitors overseas. As a result we have been able to control labor costs to a degree that compares favorably with those in low-wage countries, and to expand output beyond anything the world has known.

This revelation of our productive might and its post-war potential seems to me to pose two dangers to our foreign trade.

Dangers to Foreign Trade

The first is that other countries, quicker than we to perceive the reasons for our industrial supremacy and their own inadequacies, and forced to protect themselves against our efficiency, may promote a nationalism that will make the past hysteria of the isolationist here at home seem reasonable by contrast. Persistence in such a campaign might easily result in the political conviction throughout Europe, particularly, that only some form of State socialism could possibly provide the capital necessary to establish an economy comparable with ours.

There are disturbing indications already that one or the other of these alternatives is being seriously considered, or both of them, even among our allies. One need only read the reports to the British Board of Trade by various English industrialists who have visited this country recently, to realize how profoundly our production records, both in manufacturing and in agriculture, have affected thought in Great Britain, and inspired fear of the future. In many applications British methods are far behind our current techniques, and the amounts of capital are staggering that will be required to modernize production facilities there if Britain is to be a competitor in world markets when peace comes. This realization has provoked a re-examination of the possibilities for trade advantige to be obtained for England from an extension of the system of Empire Preference, whose restrictions in the past have so adversely affected our business relations with various of the Commonwealth nations. The conviction grows in many British circles, as it is widespread in France, that only by recourse to the public treasury can the funds be obtained that will be required to make it possible for them to rebuild and reequip so as effectively to meet our challenge in overseas markets.

It is one of history's great anomalies that the United States, which once professed to fear a flood of cheap imports, and erected ever higher tariff barriers against them, should in turn be feared as a threat to the economic stability of the rest of the world. Some of the apprehension that is expressed may be in the nature of shadow boxing, whose progress should warn us of the feints we may expect in the coming contest for world trade. None who would assess the prospects of future business abroad can afford to disregard the portent, however.

The other danger posed by the system we have developed of producing prodigiously while maintaining consistently higher wages than exist anywhere else, is that we will use the wealth and power it has given us improvidently and unwisely, once world reconstruction begins. In spite of what the star-gazers say, it is no more possible to raise the living standards overnight of the teeming millions of Asia or the blighted hordes of Europe, than it is to develop a championship strain of cattle from a bunch of scrubs in a single generation. None of us questions the necessity for relief in battle-scarred areas, but furnishing supplies beyond immediate necessities or at a level to which the recipient never before has been accustomed, is of doubtful judgment, however charitable our instincts.

An economic peril nearly as great is the grandiose assumption that all of the surplus equipment, much of it highly specialized, that we have provided for the war effort, can be disposed of easily abroad, and at some salvage value. Theorists grow lyrical over the opportunities in China, or India, or other remote lands for all manner of industries that only a highly integrated economy such as ours could operate or support. Civilization never yet has been transplanted; it is a product of uncertain and often tedious growth. As well send a giant bulldozer to the lone inhabitant of a desert isle who did not know the functions of a wheelbarrow as to dream of huge factories in many lands where little more than blacksmith shops have hitherto existed. More than just the desire for industries is required—there must be "know-how," not merely plenty of human hands that are parts of hungry bodies, as I have pointed out on a previous occasion. And "know-how" is acquired but slowly, as Russia has painfully discovered.

It will take generations of Mr. Churchill's "blood, sweat and tears" to attain the universal Utopia which the impractical project so glibly. To bring the rest of the world up to a standard of living that even approaches what we have achieved, slowly but surely, is El Dorado enough for those of us who plan with the knowledge that we will be judged by the results we accomplish. The world is no dumping ground for the surpluses that arise either from the exigencies of war, or the production gambles of peace-time. I do not mean to say that much of what we will have in over-supply cannot be disposed of overseas. But bargain sales rarely promote good-will, or result in satisfied customers, and our need will be for markets for things we will be producing as we begin our own reconstruction.

Perhaps you will consider that I am unnecessarily pessimistic. I assure you that I am not. What I am trying to do is to condition your minds for the job which lies ahead of you, because I am convinced that those who plan sales will be much the most important factors in the business world of tomorrow. Events have forced an emphasis on production during the past five years; marketing has been neglected, almost, and it is important, I think, that those who are charged with responsibility for the orderly disposal at a profit of the product of our vastly expanded industries, have a realistic appraisal before they blueprint their campaigns.

Importance of U. S. Exports

I have been asked frequently, of late, whether export markets are really necessary for the United States. Couldn't we get along, the query goes, without becoming involved beyond our borders, once we have made the readjustment to peacetime conditions?

My answer, hesitantly given because I am not sure, is yes, perhaps we could if we are ready and willing to face the inevitable consequences. There are a few things we do not produce, agricultural, mineral and scattered industrial specialties, that we could probably bargain for over a Chinese wall of seclusion, giving in exchange commodities that we could easily supply from our abundance.

The dilemma that then would confront us would be three-fold, in my opinion. The first would be the need for the maintenance indefinitely of an armed force sufficient to protect us against attack by any conceivable combination of world powers. The United States represents incomparably the greatest storehouse of wealth that history has known. The temptation to seize all or parts of it would be too great to resist for nations whose record for centuries has been one of plunder.

With a large military establishment unavoidably would go stringent and continued regulation by government of all business and other activity, whether in industry, agriculture or mining. This point seems so obvious that it needs no elaboration, though it might be illustrative to cite Germany during the past decade as an example.

The third consequence that rigid isolationism must bring would be unemployment compared with which our experience in the early thirties might seem like a week-end holiday if its consequences were not still so apparent. Recognized authorities estimate that our productive capacity has increased by at least a third since 1940, and there simply would not be warehouse space sufficient to house the commodities that would be in oversupply once war and lend-lease shipments were to cease, if production continued at its present rate. Unemployment means political paternalism, whose increase none that think will contemplate with peace of mind.

Not that I would have you believe that exports continued at levels we could reasonably expect under even the most favorable circumstances, would solve all our unemployment problems. But a liberal attitude in this country toward foreign trade, and a genuine appreciation of its place in our economy, will be indices of world prosperity, and therefore of our own ten years hence. Prior to the war some of our industries could not have been profitable without export markets. More will find themselves in that predicament when peace comes, and to force them to confine their sales within our boundaries means a national readjustment we can ill afford with our mounting debt burden, and if we ever hope again to be free from political controls. It is for this reason, if for no other, that foreign trade bears a relation to our well-being that is out of all proportion to the ratio between the number of workers employed in producing for export, and the total number of our workers.

A study by the National Planning Association indicates that exports from the United States post-war must be maintained at an average of about two and one-half times pre-war levels if reasonably full employment is to be achieved. If you are statistically inclined, that means between $7 billions and $10 billions of sales overseas, including invisible items such as freight, insurance, etc.

How, you may well ask, are we to be paid for such a volume of trade when there was sometimes difficulty in financing a much smaller total pre-war? The answer is not easy, because we have become cynical over the defaults of the past without analyzing the reasons for them. Just as many a bankruptcy occurs in this country through the pressure for sales by suppliers rather than dereliction of the buyer, so have we been partially, at least, to blame for the unsavory record we have made in international financial transactions.

Much of the volume of our exports will be paid for by imports of the thousand and one items that we have always drawn from overseas. In addition there are vast sums that have been accumulated, owned by foreign accounts and on deposit in our banks that will serve to finance a resumption of trade. Official sources indicate that such balances now amount to about $10 billions in cash and earmarked gold, and an equal amount in short-term dollar assets, a total of some $20 billions, up about $6 billions since Pearl Harbor day, and increasing at the rate of more than $3 billions a year at present. Sterling balances in London owned by non-British sources are in excess of $12 billions. Controls here and abroad are such that there is little possibility of these funds being called or used in a way as to embarrass our position or that of the British. They are more likely to be exported in the form of goods, than of money. The notion that the world is too poor to buy anything is misleading, whatever the "do-gooders" may say. Abnormally large amounts of liquid funds exist today and will be available as soon as there are ships to sail to supply post-war demands.

U. S. Capital in Foreign Developments

It is not in the immediate post-war or readjustment period that the crisis will come in our foreign trade accounting, but at the time we are faced with lending our capital for the development of resources in overseas countries. If we repeat the follies of the roaring twenties, when loans could be had for the mere asking, almost, our experience will be doubly disastrous. Just as some political subdivisions in our own West are still amortizing loans that were imposed upon them by ruthless pioneer exploiters shortly after the Civil War, so a number of overseas countries are saddled with obligations incurred by collusion between unscrupulous bankers here and local politicians, not one penny of whose proceeds reached the projects for which they were intended.

Again, in the early thirties, the funds which had been accumulated by Germany for reparations for damage during the first World War were remitted to her, without restrictions that could be supervised, when the Dawes Plan was discontinued. Germany promptly diverted the bonanza to a bedevilment of world trade practices, and to a furtive but effective armament program.

As the world's greatest reservoir of capital, there will be many appeals to the United States for funds, some flattering, some tragic in their implications. We will need to steel ourselves against some of them, and be prepared to investigate the rest much more thoroughly than the prospective borrowers will like. In a recent address before the National Machine Tool Builders Association I predicted that one of our chief exports in years to come will be human brains—skilled technicians who will be sent overseas to pass on the merits of the projects for which financing is required, and to supervise the operation of such establishments as are proven worthy, until we are sure the funds we advance will be used for what they were intended.

Under such a plan there is every reason why we should participate to the limit of our ability in the development of the resources of the world. Isolationists may protest that the money would be better spent at home, but the fact is that the standard of living we have achieved in this country cannot be maintained against comparative misery elsewhere. Two wars in a quarter century should have convinced us of that by now. Beggars cannot buy our surpluses, and malcontents abroad are as dangerous as they are at your factory gates. Until there is hope and opportunity abroad, we will ourselves never re-attain the standards we enjoyed only a few years ago when we were at peace.

Fear of Increasing Foreign Productivity

Nor need the prospect alarm us of increasing productivity overseas, so long as it is in pursuit of a higher and peaceful living standard. The record of 50 years in our exports proves that our best customers are the highly industrialized nations. It is interesting to plot the curve of shipments to Brazil over a long period for instance, and to note how it ranges upward as a measure of what is being accomplished in building a more stable economy there. To be sure, the character of exports changes as countries develop, but the totals invariably have increased. For proof I need only cite the fact that the United States is the greatest export market in the world to more than a hundred overseas countries, in spite of the degree of self-sufficiency we sometimes think we have attained. Nations, just like individuals, become better potential customers as their incomes and living standards increase.

Latin American Trade

Some there are who feel that we should blot out the rest of the world as an export market, and concentrate our attention on the Western Hemisphere. That suggestion tends to over-simplify the solution to our problem, and is subject to some suspicion as a deliberate isolationist diversion. Latin America will always be of primary concern to us, for security as well as business reasons, and, on balance, has justified all of the solicitude we have demonstrated in our hemisphere dealings. She has made a magnificent record in supporting our war effort, barring Argentina, perhaps, and has built credits much greater than at any time in her history for use post-war. Don't sell Latin America—even Argentina—short in your export planning.

But all of Latin America has only 125 millions of people; the whole Western Hemisphere, including the United States, has less than 15 per cent of the world's population. Latin America requires little from us in the nature of agricultural products, whose over-supply will continue to be our number one headache so long as our political and farm leaders stubbornly refuse to face facts; and the nations to the south of us will never be able to absorb all of our surplus of heavy industrial products. Besides, whatever good-will has been stimulated in Latin America through the "Good Neighbor" policy would be dissipated overnight if we indicated any trade imperialism whatever in our dealings on this hemisphere.

Our past record of exporting to Latin America is the best assurance I can give you of the ability of exporters in the United States to compete with the world in overseas sales. Taking 1938 as the last completely normal pre-war year, the statistics show that Latin America bought from us more than she did from Germany, Italy, Japan and England *combined*—34 per cent of her imports came from us, 20 per cent from the Axis countries, and 12 per cent from England, a total of 32 per cent from our principal competitors as a group. Germany's share alone was 14 per cent, less than 40 per cent of our volume. Remember that this was during a year when barter deals and pressure policies were at the height of their success. Whatever the competition, exporters in the United States have demonstrated conclusively that they can hold their own in markets that are open to all. They will be less apprehensive of the sales stratagems of foreign suppliers than of the rules politicians may write for the conduct of overseas trade.

Possibly one of the steepest hurdles exporters will have to face will be entrenched bureaucracy in Washington, with its skeins of theoretical dogma that snarl rather than help to solve problems. They are almost as bad as the "give-away boys"; in fact, between them the professors and the philanthropists seem to be engaging in a contest. There is hardly an agency in the capital that does not want some part of the control of export after the war, and the confusion has become so hysterical that I, for one, have become philosophical about it—they'll cancel one another, because if there is one phase of business that requires practical application it is foreign trade. We have too many tough, experienced trade adversaries overseas for the doctrinaires to face them alone. Soon or late, they'll turn for help to those who know what it's all about. I might go on indefinitely recounting difficulties we will face in foreign trade, but I would be taking your time and mine unprofitably. Because the hazards we fear today fade out as a new set looms tomorrow, and will until we are accustomed to peace once more. The questions asked about international trade are too often cynically rhetorical. They imply that the inevitable answers are damning to all hopes for a good volume of overseas business after the war. The trouble is, as I see it, that we have been bogged down with worries and anxieties, and haven't had time to think through.

Our Post-War Imports

One question your committee posed for me I do not propose to answer specifically; no human could and be honest. I am asked what will be the nature of the products that will represent an increase in our imports into the United States. I don't know. I could point out that there is general agreement that we must stockpile strategic materials so that we will never again face the dilemma that confronted us four years ago, when Japan cut us off from the source of vitally needed tin and tungsten and rubber and vegetable oils, and other commodities we had never expected to want for. Your reason quickly would reply that $10 billions might be all that we could prudently invest in such a venture, and while the expenditure of so vast a sum in addition to that required for imports currently consumed would stimulate a comparable amount of exports, it would not be a revolving fund, perhaps, that replenished itself periodically, and its impact would be temporary.

That is true; though stockpiling by the United States would greatly energize world trade during the first few critical years after the war, it is not a policy that would provide a permanent solution to the problem of increased imports.

But may I give you a little homework to do? If you will look through the Commerce Year Book for 1938, generally accepted as the last completely normal pre-war year, you will find that there were imported into the United States no less than 2,500 items, ranging in value from $138 million for a million tons of coffee, which was our largest single import, to $4 for two pairs of boxing gloves, which was one of the smallest items. An examination of these import statistics will give you a much better idea than could any words of mine as to the classifications into which our imports of the future will fall.

My guess would be that the increase in our imports post-war will range over practically all of the items we brought in prior to 1939, plus such specialties as have been developed since. I venture the statement, even, that we will lower our tariffs on many commodities still further in return for similar concessions from others, once we realize how greatly we have reduced costs as compared with those existing elsewhere, and in the interest of a greater volume of total world trade.

Now that I have dealt, doubtless too superficially as I warned at the outset, with the questions your committee asked me to discuss and some others, may I take just a few moments to elaborate a thought that has troubled me greatly during the past few months? It has to do with a conviction I have that we are permitting ourselves as a nation to be placed in the same unenviable position that we found ourselves after the first world war. Others then proposed peace terms, and having none prepared ourselves excepting a nebulous "14 points" capable of various interpretations, we were at a distinct disadvantage. Eventually we found ourselves universally blamed for the failure of the peace treaty that was written.

America's Responsibility

The fact is that America has no choice but to assume leadership in world affairs. For the weight of our influence will be felt by other nations no less whether our attitude be positive or negative. And the cost to us of any international obligation which we might undertake must, in all fairness, be weighed against the equally real cost to us of dealing with measures that others may take to protect themselves against results of our non-participation.

We have tended in the past to approach international commitments timidly, fearful that we might be outwitted in a world battle of wits. And in so doing, we have too often ceded to others the initiative of suggestion, leaving to ourselves the thankless task of accepting or rejecting what they demand of us. Our greatest bargaining weakness stems from the fact that other nations, by contrast feeble in potential power, know what they want and are able to mobilize all their strength to achieve it.

The United States can be the most effective nation on earth in peace as well as in war—if only it knows what it wants. I am fully aware that no individual or group can speak authoritatively for the whole of our people. But I hope that an honest attempt to formulate sound concepts of national interest in crucial economic matters will help to crystalize American policy, both by focusing agreement and by eliciting dissent. There is time only to indicate in broadcast outline what I conceive to be desirable foundations for an economic policy for the United States:

1. The attainment of a high and sustained level of business activity and employment in the United States and in the world, with the minimum governmental participation possible.
2. Active and expanding markets for world trade based upon fair competition rather than upon bloc agreements, discriminatory preferences and cartel arrangements.
3. The encouragement of industrial development in nations which have been backward in that respect.
4. A recognition that hospitality to imports, rather than constituting a threat to national standards of living, offers in fact the most potent instrument for international bargaining that any nation can command.
5. A willingness to assume a responsibile national role in international arrangements designed to provide such financial stability as may be needed to support mutually advantageous world exchange of goods and services.

We must see to it this time that the end of military warfare does not merely open the door again to an era of economic warfare. To insure that result we have only to ask of all our people two questions that I now direct at you:

"What does the United States want out of this war?"

"Why not ask for it?"

Interesting Developments In Pittsburgh Railways

A lucid and comprehensive analysis of the interesting complexities of the Pittsburgh Railways Company system, including a summation of possible developments in the near future, has been prepared by the Research Department of The First of New York Corporation, 70 Pine Street, New York City. Copies of this report in booklet form, are available upon request.

Broker-Dealer Personnel Items

If you contemplate making additions to your personnel please send in particulars to the Editor of The Financial Chronicle for publication in this column.

NEW YORK, N. Y.—**Harry Dearie** is with **Tucker, Anthony & Co.,** 120 Broadway, New York City. Mr. Dearie was formerly with Hemphill, Noyes & Co.

(Special to The Financial Chronicle)

BOSTON, MASS. — **Charles Sachs** has joined the staff of **Frederick C. Adams & Co.,** 24 Federal Street.

(Special to The Financial Chronicle)

BOSTON, MASS.—**Madge Doe** and **Arthur V. Murphy** are with **Trusteed Funds, Inc.,** 33 State Street.

(Special to The Financial Chronicle)

CHARLOTTE, N. C.—**Walter Myers** has become associated with **Louis G. Rogers & Co.,** Johnston Building. Mr. Myers was previously with Abbott, Proctor & Paine, and Goodbody & Co.

(Special to The Financial Chronicle)

CINCINNATI, OHIO — **Justin Meyer** has been added to the staff of **Merrill Lynch, Pierce, Fenner & Beane,** 330 Walnut Street. Mr. Meyer in the past with with J. S. Todd & Co.

(Special to The Financial Chronicle)

CLEVELAND, OHIO—**Irving D. Schnabel** has rejoined the staff of **J. S. Bache & Co.,** National City Bank Bldg. Mr. Schnabel has recently been serving in the armed forces.

(Special to The Financial Chronicle)

CLEVELAND, OHIO — **Robert M. Case** is with **Wm. J. Mericka & Co., Inc.,** Union Commerce Bldg.

(Special to The Financial Chronicle)

HARTFORD, CONN.—**Roswell J. Clapp** has become affiliated with **Mansfield & Co.,** 49 Pearl Street. Mr. Clapp was formerly with E. T. Andrews & Co.

(Special to The Financial Chronicle)

HARTFORD, CONN.—**Harold S. Greeley** has become connected with **Paine, Webber, Jackson & Curtis,** 43 Pearl Street. Mr. Greeley was previously with Fahnestock & Co., and F. L. Putnam & Co., in New Haven, Conn.

(Special to The Financial Chronicle)

JACKSON, MICH.—**Robert J. Potter** is with **H. H. Butterfield & Co.,** Jackson City Bank Building.

(Special to The Financial Chronicle)

RALEIGH, N. C.—**Charles C. Sikes** has been added to the staff of **Kirchofer & Arnold, Inc.,** Insurance Building.

IRVING
TRUST COMPANY
NEW YORK

Statement of Condition, December 31, 1944

ASSETS

Cash and Due from Banks	$212,081,108.37
U.S. Government Securities	747,793,042.01
Other Securities	5,913,418.41
Stock in Federal Reserve Bank	3,088,100.00
Loans and Discounts	267,469,809.96
First Mortgages on Real Estate . . .	5,731,743.45
Headquarters Building	15,516,800.00
Other Real Estate	47,777.65
Liability of Customers for Acceptances .	1,216,724.78
Other Assets	3,730,840.83
	$1,262,589,365.46

LIABILITIES

Deposits . . .	$1,138,426,116.70	
Official Checks . .	2,615,095.97	$1,141,041,212.67
Acceptances . . .	$4,081,078.30	
Less Amount in Portfolio . . .	2,518,566.50	1,562,511.80
Reserve for Taxes and Other Expenses		4,142,482.79
Dividend payable January 2, 1945 . .		1,250,000.00
Other Liabilities		6,289,830.21
Capital Stock . .	$50,000,000.00	
Surplus and Undivided Profits . .	58,303,327.99	108,303,327.99
		$1,262,589,365.46

United States Government Securities are stated at amortized cost. Of these, $302,175,003.00 are pledged to secure deposits of public monies and for other purposes required by law.

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Congress Awaits FDR Message On Peacetime Training Issue

(Continued from page 154)

legislation being passed providing for compulsory military training.

O. J. LACY

**President, California - Western States Life Insurance Company
Sacramento, Calif.**

O. J. Lacy

With reference to the subject under discussion I can briefly say that while I am very much in favor of a reasonably limited period of compulsory military training of **men only** during peace time, I am just as unalterably opposed to any program of training which smacks of governmental directed education under the guise of military training. When so-called governmental planners include young women in their courses of so-called preparedness (?) training, we may be certain that they have nothing other in mind than to train the next generation in their philosophy of life. This is exactly the program followed by Hitler, Mussolini and Stalin. Had he had time and the opportunity to do so, Franco would have followed suit. We want no part of such program in America.

Democratic training, initiative and self reliance have made this country what it is; the leading nation on the globe. Let no screwball idealist be allowed to wreck the wonderful edifice initiated when the Pilgrim Fathers landed on our shores 324 years ago.

R. ROBINSON CHANCE

**Attorney and Counsellor at Law,
Jersey City, N. J.**

R. Robinson Chance

My mind is not made up on where lies the weight of the argument on the subject: "Compulsory Military Training in Peace-time for America." Strong arguments are presented by those who favor as well as those who oppose. So far as I can be said to have a tentative opinion, however, it is that universal peacetime conscription is contrary to American tradition and I believe should be unnecessary for the national security if our foreign relations are properly conducted.

If we are to try to have a hand in the internal and external relations and arrangements of all nations, or to try to be world policeman, or to proceed on any notion that a policy of peace can be maintained successfully, with bluster or offensive talk about foreign nations and their rulers, we had better conscript and train everybody.

But I believe that if America could be guided in its foreign relations by the principles stated in Washington's farewell address, danger of future war for America would be reduced to a minimum. I commend to the attention of your readers the part of that address beginning with the sentence: "Observe good faith and justice to all nations," and continuing through the paragraph ending:

"There can be no greater error than to expect, or calculate upon real favors from Nation to Nation—'Tis an illusion which experience must cure, which a just pride ought to discard."

In the intervening paragraphs are several doctrines which I regard as of eternal soundness, notwithstanding the difference between America then and America now.

Incidentally that address also says that an interest in unity of all parts of America * * * "will avoid the necessity of those overgrown military establishments, which under any form of government are inauspicious to liberty." * * *

The views of professional military men in support of compulsory military training in peacetime, I discount, without impugning their sincerity. It is natural for man to favor the profession of his choice. For a military man to advocate a "stretch" in the Army is as natural as it is for a sucessful lawyer to want his son to be a lawyer, or a successful doctor to want his son to be a doctor. In short, the military men are interested witnesses.

"Futility of Fine Phrases"

In making the statements herein, I do not wish to be considered one who has much confidence in the preservation of peace by parchments. History bears witness to the futility of the hope that fine phrases on parchment will hold in leash the dogs of war. Nevertheless, it might be worth the attempt to try to get the nations to agree to a Code of International Law, among other things, outlawing all wars, and laying down principles and establishing tribunals for judicial settlement of international differences. The response to such an attempt might throw some light on whether we should have compulsory military training in peace-time.

As to the benefits to the individual which some say would follow from the discipline of Army life, I question if this is of direct enough connection with the legitimate function of the National Government to have great weight. After all, the home, the Church and the States have some functions. Moreover while military discipline is no doubt of benefit to some youths, to others a different regime may be more beneficial. All this also applies to argument based upon the health of the proposed conscriptees.

"Wait Until Boys Come Home"

Without discussing the other arguments that come to mind as directly bearing on the question, there is the thought that perhaps a decision as to what to do in peace-time better wait until peace arrives. I should like to have the views and votes on the question of those who are now on the far flung battlefields. I wonder if they will be as keen for military training for youth as some of the elderly gentlemen who will not have to fight. Especially should we avoid creating in their minds any thought that behind their backs we reversed any of the traditions of America without giving them a chance to be heard.

In a recent constitutional election in New Jersey: "Wait Until the Boys Come Home" proved a rather effective argument. I think it would prove the same on this question.

When asked about this question on the street some time ago by a party conducting a survey of the views of the man in the street, I said that I thought it would be better to devote a part of the time now devoted in the schools to mere athletic training to a sort of "boot training" in military matters. In this way some insight could be gained of what would be required in time of war, but regular peace-time pursuits of youths would not be unduly interrupted. I said also that girls might well be included in such a school part-time program, and that the traditions of the Navy should be taught in schools. I am not at all convinced that the impromptu view thus expressed without giving my name, would not be my definitive view. Perhaps part of the time ordinarily devoted to summer vacation could be utilized for short training periods.

A Debatable Subject

In closing I may say neither side should be too dogmatic. The subject is debatable. Moreover, dogmatic statement generally defeats itself. The question will have to be settled in time—let us hope it is settled right. In the meantime the attainment of Victory is much more pressing and imperative than what we shall do when peace comes.

Hon. HARRIS ELLSWORTH

Representative in Congress from Oregon

Harris Ellsworth

The legislation pending now concerning peacetime conscription will undoubtedly die in committee. The nature of any legislation taken up by the new Congress remains to be seen. My attitude would depend on the provisions of any bill brought before the House for action.

DENNIS J. DRISCOLL

Co-Trustee, Associated Gas and Electric Corp., New York City

Dennis Driscoll

While my opinion is not a carefully reasoned one, I have always felt that we should have compulsory military training in this country. I must say, however, that the article by Dean Meyer "Chronicle" of Oct. 26 against it is very persuasive. A study of it leaves me in the position occupied by King Agrippa on an historic occasion which you will recall.

Just recently, I received from the American Friends Service Committee of Philadelphia a little folder on the same subject. The Friends, of course, are opposed to such training.

MOST REV. W. B. STEVENS

Bishop of Los Angeles, Protestant Episcopal Church, Los Angeles, Calif.

I am sympathetic towards the suggestion of compulsory military training with this reservation — that the program should include as broad a general education as possible and should be varied sufficiently to provide for some such conservation plan as the old CCC and the equivalent of the college and university program of the present war. I would not favor the continental plan of taking **all** boys for the same routine of drill, **etc.**

LEROY E. COWLES

**President, University of Utah,
Salt Lake City, Utah**

I feel that I could not add anything worthwhile or say anything that has not already been said regarding compulsory peacetime training. I sympathize to quite an extent, however, with the point of view taken by Rev. Cyril F. Meyer, Dean, St. Johns University, in the address published in your columns on Oct. 26.

HERBERT S. GOLDSTEIN, D.D.,

Rabbi, West Side Institutional Synagogue, New York City

Rabbi H. Goldstein

I am personally opposed to military conscription because I believe that this is no way to bring about universal and permanent peace. God Almighty has shown us the way in the Bible in declaring that "the arts of war should not be taught anymore" and that "the sword should be converted into the pruning fork." In other words, the Bible indicates that the only way to peace is through universal disarmament. The quicker mankind realizes it the sooner will we have a real and lasting peace.

It is interesting to note that the sword is to be turned into a pruning fork to increase the production of food and to save life, rather than to be a means of raising taxes and destroying life.

The observation I should like to make also is that the United States never had compulsory military service and thank God it has been successful in every war. On the other hand, the Germans and certainly the Japanese had military training at an early tender age. Compulsory military service robs one of the spirit that is within us when we go to war for a righteous cause as we have in the past.

EDWARD BALL

**Florida National Building Corp.,
Jacksonville, Fla.**

Compulsory military training in peacetime is a question which I have thought over a great deal, both before and during the time I was a soldier in World War I, as well as since.

In my opinion, universal military training is very desirable, as I do not believe we are ever going to have universal peace—not as long as human nature is what it is. The Bible tells us there will ayways be wars and rumors of wars, and until human nature changes, I thoroughly believe that what the Bible says with respect to this question is true. While I believe in and advocate universal military training, I do not believe in universal regulation and regimentation for the citizen outside of the period he is in military training.

If our form of Government is to continue, we must do away with arbitrary regulation and regimentation of the citizen by the bureaucrats, otherwise we shall wind up with a Fascist, Nazi or Communistic state. The name means little, as they all adopt the same method, which is depriving the citizen of the rights which we in America have enjoyed; and in the brief period of some 150-odd years we have developed the greatest economic system and the highest standard of living for the individual known in the world. In view of this, it is hard to understand why so many our our Americans are prone to follow the European theory of arbitrary Government, with a low standard of living for the individual.

REV. VINCENT J. RYAN

Bishop of The Diocese of Bismarck, Bismarck, N. D.

To enact a law calling for compulsory military training is entirely unfitting at this time when millions are absent from the nation in the service of their country. These millions have a right to be heard. Their opinions on compulsory military training should outweigh the opinions of those at home. The present selective service law takes care of the present emergency, and the question of military training in peacetime America should be postponed until after the war.

MAJOR A. L. BOYCE

Boyce's Tigers, a Pre-induction Free Military Night School for Civilians

New York, N. Y.

Adolphe L. Boyce

For over half a century I have been urging universal military training and have done what I could to bring about the adoption of a proper system in this country.

The purpose of military training is preparation for war. If there are to be no more wars we do not need a system of military training. But until we are perfectly sure that peace will last beyond the lifetime of anyone now living we will be foolish not to keep prepared for war. Our most farsighted leaders from George Washington to Leonard Wood, have urged universal military training.

Modern war involves all the citizens of any country engaged in it. It cannot be left to a professional army to supply adequate protection. It requires not only shock troops, combat troops, supply troops and training cadres, but also adequate home defense forces for internal security, which means that if a country is threatened with invasion, as England was in 1940, then practically every citizen must be part of the organization for defense.

This means that the whole population must be permanently organized, and to be properly organized it must have received individual training so that the individual may understand where he belongs in the organization and the Government through its War and Navy Departments may also know where each individual should be placed.

"Conscription" a Misnomer

It is confusing to call enrollment for training "conscription." Undergoing military training in peacetime is part of the education required for citizenship. It is no more a compulsory service than is compulsory schooling. One does not apply the word "conscription" even to enrollment for compulsory jury duty, and yet that is a service to the State. For the sake of clear thinking the word "conscription" should be kept to mean a draft for military service unwillingly performed and not used in this debate.

Also the words "military discipline" are often misapplied. Much argument has been based on an obsolete definition of them as "the unhesitating habit to obey." THIS is not the type of discipline needed by an American Army today. The purpose of discipline in our military training should be to develop leadership and organization.

Need Reserve Army

What we need is to have at all times, organized and prepared for war, an adequate Citizen Reserve

Army composed of young men with proper leaders that need not be extemporized after the outbreak of war. Ingenuity should be used to effect the least possible derangement of our established customs and institutions. It need not lead to regimentation by the State.

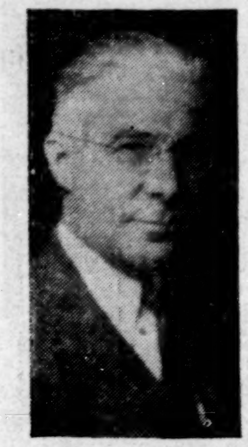
In order that a Citizens' Reserve may be properly organized in advance for war there must be a sufficient period of training under the direction of the War and Navy Departments to give them an opportunity to know the material out of which they are to fashion our Citizen Army. Good organization is quite as important as the individual skills of its members to an effective army.

Many advantageous by-products can be derived from military training. Such are physical fitness, literacy, etc. HOWEVER, ITS MAIN PURPOSE IS TO DEVELOP leadership and organization for use in case of war.

MERWIN K. HART

President, National Economic Council, Inc.

In the first place, I do not think the Congress or the country should be asked to pass upon the question of compulsory military training until the war is over. Obviously we wish to have adequate defense in the future. But high military authorities, I believe, have said that the real need is for a highly efficient army of perhaps five or six hundred thousand men. That we certainly should have, and that of itself will be a financial burden upon the people, though an absolutely necessary one.



Merwin K. Hart

I understand that some of those who favor the passage now of a compulsory training bill, frankly say that their reason for pressing it now is that they feel public opinion would not support it after the war. If they are right in this, and I am strongly inclined to think they are, then that is a most excellent reason for postponing action at the present time.

The air is full now of plans, by our planners great and small, for assisting other countries to develop after the war. We know that we have got to do a lot of relief work. Some of the planning will — and should — mature into practical projects. But everything that could be postponed should be postponed until the war is over, and until we can see things in perspective. We are going to be poor when this war is over. The majority of Americans, I believe, will want to have some plan whereby they can eventually get back to a financially stable basis. That means that much of the planning must be most carefully sifted.

I think that I shall oppose compulsory military training after the war; but I am certain that I oppose our committing ourselves to it in the present atmosphere.

Rev. HERMAN R. PAGE, DD.*

Bishop, Diocese of Northern Michigan, Marquette, Mich.

Frankly, I am in favor of compulsory military training in peacetime. On the basis of a good many years' experience in working with young people, not only in the Church but on the high school and college athletic fields, I feel that the youth of America needs, and at heart wants, a life of more discipline. This conviction, of course, rests wholly apart from my feeling that the wellbeing of the nation demands such a course of action. Many people will naturally raise the cry that it makes for militarism. As one who served in two wars and who kept his reserve commission in between, I had an opportunity of watching the results of military training in many different fields. I saw it in college ROTC's; I saw it in military schools and have seen it in the CMTC. In none of these have I ever observed that the military training made the youth who took it a militarist. On the other hand, as one who advocated such a course of action way back at the close of the other war, I feel very certain that it is a great deterrent for war.

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*Due to a mechanical error in the original report of Dr. Page's views, which was given in our issue of Dec. 21, 1944, page 2730, the opening sentence of his remarks incorrectly read as follows: "Frankly I am not in favor of compulsory military training in peacetime." We deeply regret this error, particularly as the balance of his statement, which we reprint above, makes it absolutely clear that he unequivocally favors such training. In calling the mishap to our attention, Dr. Page makes the following comment:

"While my opinion does not carry any great weight, I feel it unfortunate that such an opening statement should appear to come from me. With my connection with the Army in this war, the last war and with the regular establishment at the close of the last war, those people whose reading limits itself to the first few lines of an article to see whether or not they agree, may radically misconstrue my position. Not only do I favor military training but I believe in it to such an extent that I have sent my own son to a military academy."

REV. BENJAMIN D. DAGWELL

Bishop of Oregon, Protestant Episcopal Church, Portland, Ore.

I am opposed to compulsory military training in peacetime. All of the evils that attend wartime military camps and recreational areas will be present and will be magnified because of the lack of incentive which exists in wartime.

REV. A. DANGLMAYR

Aux. Bishop, Roman Catholic Church, Dallas, Texas

I am opposed to compulsory military training in peacetime for America.

RUSSELL F. AUMAN, D.D.

Pastor, St. Peter's Lutheran Church of Manhattan, New York, N. Y.

I am opposed to any legislation now, setting up a program of compulsory peacetime military training, for the following reasons:

(1) It takes for granted that, of course, any world organization of nations that may be set up cannot possibly create a post-war world order that can guarantee lasting peace. I would not want my country to enter such world organization with that prior assumption. There will be plenty of time to prepare for the third world war after it becomes apparent that our international peace machinery is beginning to break down.

Rev. Dr. R. F. Auman

(2) Such compulsory military training would have no long-term military value, and very little value so far as its contribution to the health, habits and character of youth is concerned. Having served in the U. S. Army during World War I, I know of how little value the training I had then would be to me in this war today. Military methods and techniques change with great rapidity and an army well trained today would be out of date ten years from now. There could be no military value to such peacetime training unless we took it for granted that we would be at war again within about five years. Even if the training techniques would remain the same, a thing I have not worked at for five to ten years would have been forgotten. It would have to be done over again. As a contribution to health, habits and character, it would have doubtful worth of any lasting kind. You never improve a man in health, habits or character by external compulsions.

(3) Military conscription except in emergency, impending or actual, is un-American. It is a violation of the best traditions of the American spirit. The nation that must wield its influence at the point of a pistol is a nation that has lost its influence. The nation which maintains a vast military establishment is either planning conquest of other nations or has grown old, selfish, smug, suspicious of others because suspicious of itself. America is not interested in the first. May the good Lord save us from the second.

Hon. COMPTON I. WHITE

Representative in Congress from Idaho

Judging from my observation and experience, I am opposed to enforced peacetime military training for the young men of this country.

You are, no doubt, cognizant of the burden which has been borne by the people of France and Germany over the years to support large standing armies, and the onerous duties that have been imposed on the youth of these countries by enforced military service. Now, after all the sacrifices which have been made by the people of these leading European countries to create and support their peace-time armies for the purpose of maintaining military preparedness, we find them facing the test of war in the abject position of helplessness and defeat, while the countries which fostered the education and freedom of action of their youth stand triumphant in their military might before the world.

Compton I. White

I stand for the principles of democracy and freedom that in the brief period of our country's history, have made our nation preeminent among the powers of the earth. I cannot bring myself to support the plan of peace-time military conscription and standing armies, which has proved such an abject failure and burden to the people of France and Germany.

ALFRED L. SAVAGE

President, Fishkill Savings Institute, Fishkill, N. Y.

I wish to state that I am opposed to compulsory military training in peace-time. In my opinion it is entirely un-American. I am not opposed to America being prepared; or of waging war if we find it necessary to do so; but compulsory training is not the American way of life; nor did this country grow to be as great as it has under that system. The result of such a system is clearly shown in Europe today. To adopt it here, I think will be a grave mistake. America can be well prepared without going to the extreme.

If this war is a war to end all wars, then why compulsory training? If the nations taking part in making the peace are at all honest they can at this time, if they wish to do so, assure that peace. Their first work should be to demand, and force if necessary, the total abolishment of military (compulsory) training in every country on the globe. Each country being allowed to maintain only a small volunteer army which, combined with the other countries, would have sufficient force to maintain peace.

The FIFTH THIRD UNION TRUST CO.

CINCINNATI, OHIO

Statement as of December 30, 1944

Member Federal Deposit Insurance Corporation
Member Federal Reserve System

RESOURCES

Cash and Due from Banks	$66,268,224.71
United States Bonds (direct and guaranteed)	112,246,465.67
Other Bonds and Securities	12,328,751.45
*Loans and Discounts	54,535,934.84
Federal Reserve Stock	345,000.00
Banking Premises Occupied	3,960,649.31
Customers' Liability Under Acceptances	60,234.91
Other Resources	708,135.05
TOTAL	$250,453,395.94

LIABILITIES

Capital Stock	$6,000,000.00
Surplus	6,000,000.00
Undivided Profits	1,187,395.82
Reserve for Dividends Payable	75,000.00
Reserve for Taxes	913,774.94
Reserve for Interest, etc.	119,912.42
Liability Under Acceptances	60,234.91
DEPOSITS:	
** Commercial, Bank and Savings	199,681,048.95
U. S. Government	36,305,007.14
Other Liabilities	111,021.76
TOTAL	$250.453,395.94

*In addition to this item as shown, we have unused loan commitments outstanding in the amount of $21,612,213.64 for war production and other purposes, if required.

**This includes $2,229,769.39 of trust moneys on deposit in the Banking Department, which, under the provisions of the banking law, Section 710-165 of the State of Ohio, is a preferred claim against the assets of the bank.

CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY

OF CHICAGO

Statement of Condition, December 30, 1944

RESOURCES

Cash and Due from Banks	$ 502,196,051.50
United States Government Obligations, Direct and Fully Guaranteed	1,638,809,259.06
Other Bonds and Securities	55,938,824.93
Loans and Discounts	401,391,526.48
Stock in Federal Reserve Bank	3,600,000.00
Customers' Liability on Acceptances	743,038.28
Income Accrued but Not Collected	6,042,339.50
Banking House	11,100,000.00
	$2,619,821,039.75

LIABILITIES

Deposits	$2,447,740,085.79
Acceptances	765,474.98
Reserve for Taxes, Interest and Expenses	13,488,484.35
Reserve for Contingencies	18,109,934.35
Income Collected but Not Earned	247,880.55
Capital Stock	60,000,000.00
Surplus	60,000,000.00
Undivided Profits	19,469,179.73
	$2,619,821,039.75

United States Government obligations and other securities carried at $671,480,074.87 are pledged to secure public and trust deposits and for other purposes as required or permitted by law

Member Federal Deposit Insurance Corporation

DIVIDEND NOTICES

COLUMBIA
GAS & ELECTRIC
CORPORATION

The Board of Directors has declared this day the following dividends:

Cumulative 6% Preferred Stock, Series A
No. 73, quarterly, $1.50 per share

Cumulative Preferred Stock, 5% Series
No. 63, quarterly, $1.25 per share

5% Cumulative Preference Stock
No. 52, quarterly, $1.25 per share

payable on February 15, 1945, to holders of record at close of business January 20, 1945.

DALE PARKER
January 4, 1945 *Secretary*

CANCO AMERICAN
CAN COMPANY

COMMON STOCK

On December 26, 1944 a quarterly dividend of seventy-five cents per share was declared on the Common Stock of this Company, payable February 15, 1945, to Stockholders of record at the close of business January 18, 1945. Transfer books will remain open. Checks will be mailed.

R. A. BURGER, *Secretary.*

Spencer Kellogg & Sons, Inc.

A Quarterly Dividend of $0.45 per share has been declared on the stock, payable March 10, 1945, to Stockholders of record as of the close of business February 17, 1945.

JAMES L. WICKSTEAD, Treasurer

Winthrop Aldrich Favors Strong Western Europe

(Continued from first page)

revived in our generation. The Bretton Woods plan for an international monetary fund I have discussed in detail elsewhere, and more need not be said about it at this time beyond observing again that to achieve its aims one must count upon conditions far detached from the probable reality.

"The Dumbarton Oaks plan for a world organization to preserve peace was produced in the heat of the Presidential campaign, but by tacit consent there was no partisan discussion of it. Both candidates endorsed its objectives. The strength of the plan as well as its weaknesses came from the avoidance of issues likely to divide the conference. As a formal expression of the aspirations of the participating nations to achieve a workable organization for lessening the occasions for war, it deserves thoughtful support. When at last this plan or another to the same purpose becomes a matter for international agreement, it will have to commit us to active responsibility in maintaining peace in the world in the future."

Regarding the restoration of freedom to Western Europe, Mr. Aldrich said: "To be specific, it is my belief that one of the main objectives of American foreign policy should be the re-establishment in Western Europe of governments subject to popular will and of sufficient economic strength to maintain reasonable prosperity for their populations, and to join with other countries in realizing a broad program of political security and economic solidarity under the system of free enterprise. Such a policy can be made effective only on the initiative of the United States.

"Side by side with this policy I believe should be our acceptance of singularly intimate obligations with respect to Britain and the British Commonwealth of Nations.

"The American position in the world is such that we cannot avoid assuming the initiative for the restoration of free institutions in Western Europe, and we cannot pass this burden on to any one of our Allies. But the initiative presumes that we for our part shall act according to principles clearly defined beforehand, and not shirk obligations once assumed."

The First Ten Years After the War

(Continued from page 156)

that is the root cause of inventory cycles, because the average merchant is very inept in anticipating changes in income and their effect upon demand. For instance, the average merchant in the early part of 1936 completely missed the significance of the effect that the impending soldier bonus would have on the demand for semi-durable consumer goods; he continued for several months to place orders at a pace below that of a rising demand and so approached the fall months with inadequate stocks of goods. Later efforts to correct this error raised the levels of orders of manufacturers of semi-durable consumers' goods sufficiently to bring about capacity production. These manufacturers, in turn, were misled by this sudden influx of new business and embarked upon programs of excessive plant expansion. By December of 1936 the whole economy was geared up to the increased demands of the merchants and financial writers had brought out the inflation goblins. By March, 1937, the average merchant realized that he was over-extended and began to reduce his commitments to manufacturers who, in turn, realized that they had erred in expanding plant. A short time later commodity prices began to decline and by late summer the F. R. B. Index of Production, employment, payrolls, and other generally available indexes began to decline precipitately. Similar sequences in new orders, production, prices, and employment are likely to occur in the second and third post-war years.

However, production of semi-durable consumers' goods has fluctuated less than we have just indicated. The reason is that manufacturers have learned to expect speculation and are prepared to fill temporarily higher new orders out of stock. Therefore, production of semi-durable consumers' goods fluctuates only moderately about a trend indicated by population.

Even a cursory examination of the facts shows that the variable elements of production up to 1940 have been principally durable consumer goods and capital goods. The production of non-durable consumer goods has been relatively steady, but has shown a long-term upward trend. Prewar production exceeded this trend (the thin straight line) in 1919, 1929 and 1937, and each time subsequently dropped below. At the present time the civilian portion of non-durable goods production is about 90% of the trend value, but total production of non-durable goods greatly exceeds the trend because of high military demands accompanying high civilian demands.

Other goods production changed very little from depression to prosperity until 1940 when it became grossly distorted by production of minerals, synthetic rubber and other chemicals for wartime purposes. The interesting point is that other goods production in 1932 was almost as large as in 1929. Other goods production has also shown a long-term upward trend which is principally a growth in chemicals, printing and fuel.

We thus find three important long-term upward trends (1) in production of perishable goods, (2) in production of non-durable consumer goods and (3) in production of other goods. All these trends are in part reflections of population increase and in part of increased living standards. Cycles in production of durable consumers' goods and capital goods appear to be superimposed on these trends.

On a per capita basis industrial production as measured by the F. R. B. Index of Production or any other comprehensive index has tended to increase over the years.

Three trends of per capita production were examined. The first was maintained from 1919 to 1929, a period of 11 years containing two minor business recessions and one large one. This rate could presumably be maintained for a long time if major structural breakdowns like that of 1929-36 can be avoided. The second trend passes through the points for 1920 and 1940. It thus includes the effect of the depression of the '30's and gives a rate of expansion low enough to allow for major accidents to the economic situation. A third trend which is between the first higher trend and the second lower one shows the growth in capacities of our economy and appears to be an acceptable basis for projection. It shows a rate of increase of 1.9% per year.

The application of the projection of per capita production based upon the third trend to population forecasts gives a projected Federal Reserve Board Index of Production fluctuating from 125 in 1940 to 213 in 1955.

In both semi-durable and durable consumer goods fields there is an immediate demand for replacement of both consumers' stocks and merchants' inventory. For instance, based on income alone (ignoring savings) there is an immediate demand for 10.5 million passenger automobiles, or nearly three times the average annual prewar production. When we take into account the likelihood that some portion of war savings will be used for the purchase of cars and homes, it is clear that a very strong postwar picture is presented.

In peacetime years the recipients of income tried to save six to ten billion dollars per year, of which only a small portion represented liquid savings in the form of cash and hoarded bank deposits; the rest was used as purchasing power in the markets for durable consumers' goods and capital goods and services. The prewar incentive to invest in durable consumers' goods like housing or in new productive facilities was not sufficiently great to entice all savings into investment and deferred claims to goods were created.

During the first ten years after the war we probably will not have to worry about liquid savings either in the form of cash or hoarded bank deposits. A sufficient amount of Government bonds will be converted into current purchasing power to effect any likely tendency to hoard cash or deposits. Some of the 24 billion dollars of currency now in circulation will be used to buy goods and services. Thus, the prewar condition which led to deficit in Federal spending will not be present.

The vast amounts of Government bonds held by individuals, cash or currency in circulation and bank deposits, the increases in population that seems to be indicated, and the deferred demand for durable consumer goods guarantee high levels of production of both semi-durable and durable consumer goods.

The demand for capital goods depends upon the level of consumer goods demand or orders and the percentage of industrial capacity used. It would seem, therefore, that the levels of operation in the semi-durable and durable consumers' goods industries will place heavy demands on the capital goods industries. On the basis of wear and tear due to the level of civilian goods production alone and without reference to the capacity factor or need for plant expansion, the minimum level of capital goods demand would be about 70% above the 1935-39 average. Taking into account the capacity squeeze and need for expansion it is probable that the capital goods demand would drop only slightly below the 1941 level.

Although a merchant marine considerably larger than prewar and also a two-ocean navy will probably be maintained, to be conservative, shipbuilding and aircraft production have been dropped 95% in calculating the forecast.

In the conservative outlook presented it is assumed that public works will not be used to relieve unemployment at any time during the next three years, but rather that growth of the economy will require public investment for schools, hospitals, highways, streets, sewers, etc., at a rate above that of 1940.

By the third postwar year both industrial and public construction will have to rise substantially above the 1940 level in order to satisfy the needs of the expanded national economy of that time. By 1946, for example, population will have increased to at least 137.2 million and education, increased savings arising from the war and lack of strictly public construction during the war will have created a backlog of demand for essential public works, such as streets, sewers, roads, and schools. This is a supporting factor to an otherwise overexpanded section.

In brief, in the pattern offered it is assumed that production of other goods will be cut in half within nine months after the European War ends and that this production will drop to about one-third of the peak about 15 months after the war's end. If the Japanese War should end almost simultaneously with the European War other goods production might drop more sharply to the same level in nine months instead of fifteen. This would give a somewhat lower level of the F. R. B. Index of Production. Even in this case it is difficult to visualize an F. R. B. Index of Production for any month below 150, or 50% above the 1935-39 average.

In the adjustment period or the first three postwar years the strength of demand is such that the F. R. B. Index of Production is not likely to decline below 170, or 70% higher than the 1935-39 average, and it may not decline below 185, if we can develop export markets for capital goods. It will work upwards toward the 215 level expected in 1955.

We have forecast disposable income (national income payments less direct personal taxes) at $117.5 billion and $125.4 billion, respectively, for the first two postwar years (assumed to be 1945 and 1946). These forecasts are consistent with an expected pattern of production about midway between the limits of 170 and 185 presented here.

If by any chance the European War should not end before next spring, consumer shortages will grow and all of the above production figures must be raised slightly. Income will probably have to be raised sharply because inflationary forces will continue to operate. However, the real disposable income — income after taxes corrected for living costs— would not change materially from the pattern presented, except that it would have to be shifted forward by the number of months between the ending of the war and January, 1945.

Over-Counter Review

Bristol & Willett, 115 Broadway, New York City, have prepared the current issue of their "Over-the-Counter Review." Copies of the review may be had from the firm upon request.

With Cohu & Torrey

ST. PETERSBURG, FLA. — **George R. Davis** is with **Cohu & Torrey**, Florida National Bank Building.

Offering of Federal Land Bk. 2¼% Bonds

Public offering was made on Jan. 9 by the twelve Federal Land Banks through Charles R. Dunn, their Fiscal Agent, of $114,000,000 2¼% Consolidated Federal Farm Loan Bonds, due Feb. 1, 1955, and not redeemable before Feb. 1, 1953, at 100⅜% and interest to yield about 2.20%. Announcement of the closing of the books was made on Jan. 10, the issue, it is said, having been heavily oversubscribed. The offering was made by the banks with the cooperation of a banking group consisting of: The Chase National Bank of the City of New York; The National City Bank of New York; Guaranty Trust Company of New York; Bankers Trust Company; Chemical Bank & Trust Company; Continental Illinois National Bank & Trust Company of Chicago; The First National Bank of Chicago; Bank of America, N. T. & S. A.; Mercantile-Commerce Bank & Trust Company, and American Trust Company. Net proceeds from the sale, together with cash on hand, will be used to purchase and retire on Feb. 1, 1945, at par and accrued interest, approximately $116,841,000 of Consolidated 3½, 3¼, and 3% Bonds of the Federal Land Banks now held by the Federal Farm Mortgage Corporation; to reduce short term borrowings by approximately $21,707,000; and to retire approximately $19,355,000 of the capital investment of the United States in the Land Banks. The bonds are redeemable at 100% and interest, in whole or in part, on Feb. 1, 1953, or any subsequent interest date. The advices incident to the offering also state:

"The Federal Land Banks were organized in 1917 under the Federal Farm Loan Act for the purpose of making loans on the security of mortgages on farm properties. As of Nov. 30, 1944, the 12 banks reported aggregate capital stock of $195,676,556; paid-in surplus, all subscribed by the United States, of $125,874,406; legal reserve of $78,881,233, and earned surplus of $63,342,690, or a total net worth of $463,774,884. As of the same date, about 60.8% of the outstanding capital stock of the banks was held by the United States. Total assets were $1,460,369,878, and net profit after adjustment of reserves was $17,321,521 for the two years ended June 30, 1944, and $6,954,883 for the five months from July 1 to Nov. 30, 1944

"Although Consolidated Federal Farm Loan bonds are not government obligations, and are not guaranteed by the government, they are joint and several obligations of banks operating under Federal charter, and under the supervision of the Farm Credit Administration, which is under the general direction and supervision of the Secretary of Agriculture. The bonds and the income derived therefrom are exempt from State, municipal and local taxation, but since the effective date of the Public Debt Act of 1941 interest on bonds issued after that date is not exempt from Federal taxation. Gain from the sale or other disposition of the bonds and transfer of the bonds by inheritance, gift, etc., are not exempt from Federal or State taxation.

"The law provides that Federal Farm Loan Bonds shall be lawful investments for all fiduciary and trust funds under the jurisdiction of the United States Government, and they are also eligible as security for Government deposits and for Postal Savings funds. In the opinion of the Solicitor of the Department of Agriculture, the bonds are eligible for investment by savings banks under the statutes of a majority of the states, including New York and Massachusetts and are eligible for the

Roosevelt's Tentative Budget for 1946 Fiscal Year Includes $70,000,000,000 War Outlay

Figure Represents Decrease of $19,000,000,000 From Present Fiscal Requirements of $89,000,000,000. Total Needs for 1946, Including $13,000,000,000 Non-War Expenses, Given as $83,000,000,000, a Drop of $17,000,000,000 From Current Aggregate of $100,000,000,000. President's Legislative Program Includes Adoption of Bretton Woods Monetary and Financial Agreements; Reduction of Gold Requirements of Federal Reserve Banks; Increase of Federal Debt Limit; Repeal of Johnson Act and Reenactment of Renegotiation Statute. Tax Reductions Held Not Justified While War Is in Progress.

In his message to Congress on Jan. 9 transmitting the Federal budget for the fiscal year beginning July 1 next, President Roosevelt stated that "I estimate now that $73,000,000,000 of appropriations and authorizations will be needed for war purposes for the fiscal year 1946," and he added "if the war develops favorably, unobligated balances of war appropriations no longer required for authorized purposes will be placed in reserve and reported to the Congress for repeal or other action under the provisions of present law." The President went on to say that "depending on various assumptions which may reasonably be made with respect to the course of the war, estimates of war expenditures for the fiscal year 1946 range from less than $60,000,000,000 to more than $80,000,000,000. I propose to use $70,000,000,000 as a tentative estimate of war expenditures for the fiscal year 1946. I repeat, however —the rate of actual spending must depend on developments on the battlefronts.

"For purposes other than war," said the President, "I am recommending appropriations, in general and special accounts, to cover estimated expenditures of $13,000,000,000." From the President's message we also quote:

"Total appropriations and authorizations (including reappropriations and permanent appropriations) for the war and other purposes reached a peak of $128,000,000,000 for the last complete fiscal year that ended June 30, 1944; $97,0000,000,000 have been appropriated for the current fiscal year; and I estimate now that $87,000,000,000 will be recommended to the Congress for the next fiscal year.

"Total expenditures for war and other purposes (in general and special accounts and net outlays of Government corporations, excluding debt retirement) were $95,000,000,000 during the fiscal year 1944; they are now estimated at $100,000,000,000 for the current fiscal year; and, on the basis of the tentative estimates of war expenditures, they will be $83,000,000,000 during the fiscal year 1946."

According to the message "war expenditures are expected to decline in the fiscal year 1946; our war construction and initial military equipment are substantially complete, and our supply lines have been filled. The extent of that decline depends on the course of the war. The composition of war expenditures will change considerably in any case."

The President stated that "expenditures for pay and subsistence of the armed forces still are increasing because of the higher pay for a larger number of soldiers and sailors stationed overseas. Expenditures for mustering-out payments are also increasing as a result of the considerable turnover in our forces." He also said that "our forces engaged in battles in Europe and Asia expend munitions at a prodigious rate. The main job now is that of replenishing equipment and supplies and of providing our fighting men with the most up-to-date weapons which can be contrived."

Stating that "actual expenditures of the Federal Government depend largely on the course of the war," the President added, "I have not made in the past, and I shall not now make, any prediction concerning the length of the war. My only prediction is that our enemies will be totally defeated before we lay down our arms."

Regarding the total estimated expenditures, the President said:

"Of the total estimated expenditures, including net oulays of Government corporations, of $83,000,000,000 for the fiscal year 1946, 84% are for direct war purposes; 12% are for veterans, interest on the public debt and tax refunds; and only 4% for all other activities of the Federal Government. Expenditures in this last group of "other activities" are estimated at $3,300,000,000, somewhat less than for the current fiscal year; they are only about one-half of what they were in the years before the start of the defense program—largely because of the reduction in work relief, aids to youth and general public works."

"Wartime taxes," said the President, "must be maintained as long as large-scale war expenditures are necessary." He continued:

"There is no justification for tax reduction as long as we are engaged in a major war. When a favorable development of the war allows a major decline in war expenditures, minor tax adjustments will become possible and desirable. I am pleased that the Joint Committee on Internal Revenue Taxation is studying the tax problems of the transition and post-war period."

Some of the chief items in the Government's budget for the fiscal year starting July 1, compared with estimates for this year and final figures for last year were summarized as follows in Associated Press advices from Washington Jan. 9, appearing in the New York "Sun:"

	1946	1945	1944
	Millions of Dollars		
War expends.	70,000	89,000	89,720
Total expends.	83,103	93,688	95,273
Net receipts	41,255	45,730	44,149
Public debt, start of year	251,800	201,003	136,696
Public debt, end of year	292,300	251,800	201,003
Debt incr. during year	40,500	50,797	64,307
Approp. and authorizations	86,767	97,211	127,956

From its Washington bureau Jan. 9 the "Sun" observed that in his budget message the President outlined a legislative program extensive enough to occupy the full attention of the 79th Congress for the entire two years of its life. The following, said the "Sun," is what the President asked Congress to do:

"1. Expand the borrowing power of the Farm Security Administration from $72 millions to $175 millions.

"2. Expand the borrowing power of the Rural Electrification Administration from $25 millions to $150 millions.

"3. Enlarge the borrowing power of the Community Credit Corporation by $2 billions.

"4. Increase the lending powers of the Export-Import Bank hugely.

"5. Extend the life of the lend-lease act, which expires June 30 next.

"6. Re-enact the renegotiation law which expires on the same date.

"7. Increase the Federal debt limit, which now stands at $260 billions.

"8. Extend the life of the Economic Stabilization Act under which wages are frozen.

"9. Extend and improve social security system to embrace among other things, a program of medical care.

"10. Repeal the Johnson act, which restricts loans to foreign nations in default on their World War I debts to the United States.

"11. Accept promptly the Bretton Woods agreement for an international bank.

"12. Establish the fund and the bank contemplated in that agreement.

"13. Reduce the gold reserve requirements of the Federal Reserve banks.

"14. Establish permanent legislation for a National Employment Service.

"15. Establish permanent machinery for the mediation of labor disputes in the post-war era.

"16. Increase the base pay of Government workers to meet the increased cost of living.

"17. Enact permanent legislation providing for the payment of overtime wages to Government workers at true time-and-one-half rates.

"18. Reorganize the basic structure of the Office of Education.

"19. Refrain from modifying the existing tax laws."

The advices to the "Sun" added: "In addition to the program outlined in his budget message today, the President promised to send a number of special messages to the Capitol at an early date asking for legislation on other subjects."

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investment of trust funds under the statutes of many states.

"By law, collateral security for the bonds consists of at least an equal amount of mortgage loans on farm properties, made in accordance with the provisions of the Federal Farm Loans Act, purchase money mortgages taken in connection with the sale of acquired properties. U. S. Government bonds, or Federal Farm Mortgage Corporation bonds. Of the total number of mortgage loans outstanding on Sept. 30, 1944, 93.5% had all matured installments fully paid, the highest proportion for any comparable date since 1929.

"It is the policy of the Federal Land Banks to provide for the retirement of the United States Government's investment in the banks as rapidly as their financial condition permits. In line with this policy the banks have repaid $69,184,474 into the revolving funds of the Treasury as of Nov. 30, 1944, and under the present plans expect to repay an additional $92,856,138 by May 1, 1946. Under this program the Government's investment in the banks, as of the latter date, would amount to approximately $151,959,388 of the aggregate $314,000,000 Government capital and paid-in surplus available to the banks."

State Supreme Court Holds Building Law Of Newark Illegal

The State Supreme Court in Trenton, N. J., on Jan. 8 declared unconstitutional a City of Newark ordinance limiting the height of buildings within a two-mile radius of the Newark Airport, said the New York "Sun" in Trenton advices Jan. 8, which added:

The ordinance was attacked on the ground that it deprived owners in the restricted area of the free use of their land and that the act was an "exercise of the power of eminent domain without providing compensation" to the owners.

"The city may not, under the guise of an ordinance, acquire rights to private property which it may only acquire by purchase or by its power of eminent domain," Justice Newton H. Porter held in the court's opinion. "The ordinance under review will be set aside."

Suit was brought by the Yara Engineering Corporation of Elizabeth as owner of 16 parcels in the vicinity of the airport. Irving Riker, counsel for the corporation, contended that the ordinance limited the height of structures at points on the land to one and a half feet. He said the law made the property useless for industrial purposes.

Mr. Riker reported that the Newark City Commission had agreed to purchase the land for $264,444 before the passage of the act last March. Six days after the ordinance was enacted, the city canceled the contract.

Courses on Current Tax Problems at NYU

Two short courses which will afford attorneys, accountants and corporate executives an opportunity to refresh their knowledge of current tax legislation, Bureau rulings, and decisions in important cases were announced by the New York University Division of General Education, one to begin on Dec. 29 and the other to start on Jan. 8. The announcement was made by Prof. Paul A. McGhee, Director, on Dec. 23.

J. K. Lasser, nationally known tax authority and Chairman of the University's Institute on Federal Taxation, will conduct a nine-session series of lectures and discussions on the general topic, "Excess-Profits Taxes on Corporations," which will begin on Jan. 8 and continue to March 5. David B. Chase, member of the New York and New Jersey bars, and writer on tax problems, is slated to present a 10-session lecture course on "Income Taxes: A Functional Approach," beginning on Dec. 29 and continuing to Mar. 2.

Mr. Lasser's classroom discussion on corporate excess profits taxes will cover cases in practice; current interpretation of all sections of the law; plans for minimization of the taxes that are likely to have Treasury and Tax Court approval; and, in general, the facts and implications of recent research in decisions and the regulations. His lecture topics will include computation of excess profits income (Section 711); the invested capital credit (Section 718-720 and Supplement C); consolidated returns (Section 730) —last-minute changes in laws, declarations or decisions.

In the 10-week course on Income Taxes, Mr. Chase will consider specific problems found in everyday practice. By covering the entire law and the record of decisions, he expects to furnish the student with a functional approach to studying the tax problems inherent in particular cases of individuals and businesses.

Harris Trust and Savings Bank

Organized as N. W. Harris & Co. 1882—Incorporated 1907
HARRIS TRUST BUILDING, CHICAGO

Statement of Condition
December 30, 1944

Resources

Cash on Hand and Due from Banks		$137,640,242.31
U. S. Treasury Bills and Certificates		94,147,265.86
U. S. Government Bonds and Notes		114,558,789.11
State and Municipal Securities		32,900,904.53
Other Bonds and Securities		40,862,283.39
Loans and Discounts		119,381,374.41
Federal Reserve Bank Stock		600,000.00
Customers' Liability on Acceptances and Letters of Credit		394,071.11
Accrued Interest and Other Resources		2,090,683.38
Total		$542,575,614.10

Liabilities

Capital	$ 8,000,000.00	
Surplus	12,000,000.00	
Undivided Profits	1,395,789.04	$ 21,395,789.04
Reserves for Contingencies, Taxes, Interest, Etc.		10,107,989.24
Acceptances and Letters of Credit		394,071.11
Demand Deposits	$481,491,136.18	
Time Deposits	29,186,628.53	510,677,764.71
Total		$542,575,614.10

$123,129,000 of U. S. Government obligations and $300,000 of State and Municipal Securities are pledged to secure $103,899,054.17 of United States Government Deposits and $15,436,050.46 of Trust Deposits, and to qualify for fiduciary powers.

Member of Federal Deposit Insurance Corporation

Buy War Bonds

Unlisted Trading Privileges

(Continued from page 155)

to the public over the counter was considerably less than the cost on the Exchange. In other words, that the excess possible case would be where it was shown that the cost cost was sufficient to cause the Commission to say that this situation is such that relief should be granted now."

He further said:

"The over-the-counter market, as you know, is a secret market. There are really two markets over the counter. There is the dealer's market and the customer's market. There are two series of prices, one in the interior market, one the customer's markets, but the only reports of these prices are those given in the National Daily Quotation Service, which goes only to members of the intervener and other dealers and the newspapers."

In our opinion, an attack upon any securities market had absolutely no place in this argument, and should never have composed any part of it. The price element, it appears to us, was wholly out of order.

The auction market and the over-the-counter market develop, and have for decades developed, according to their customary requirements and the respective functions which they perform.

The arguments quoted above, particularly because of what we deem to be their irrelevancy, would show an inclination to capture over-the-counter securities for unlisted trading privileges and decrease over-the-counter activity, not in the public interest, but for the sake of increasing the number of issues for Exchange trading.

We think this hunger, and intent at invasion for invasion sake, is best indicated by another part of Mr. Lockwood's argument, and we quote:

"Now, another thing which may interest you is the decrease since the time of the passage of the statute in the number of securities listed on Exchanges. It was the hope at the time of the passage of the statute that the listing would increase and the over-the-counter trading would decrease. As a matter of fact, the listings have decreased, the securities unlisted on the New York Curb Exchange have decreased by 50 per cent, and very few of those securities, if any, have gone on to be listed on any other Exchange, and the great increase, as I have said before, is in the number of securities which are dealt in over the counter and which are on no Exchange."

If securities are such that by the standards which the law sets, and the desire of the issuers and of the general trading public they are more suitable for over-the-counter trading than they are for auction trading, and as a result of the natural development of the respective markets certain issues are traded in over the counter, then we say so be it. The public interest is best served by these particular issues being traded in over the counter.

We think it shows a particular lack of good taste for the representative of the New York Curb Exchange to attack over-the-counter trading and we would feel just as strongly about any similar attack made against the Curb Exchange.

The real motive behind that type of argument was well recognized for thereafter the New York "Times" came out with a headline "Exchanges to Seek Counter's Trading" and the sub-heading "Curb's Application to SEC for Privileges in Six Stocks is Start of Campaign."

In our opinion service in the public interest played no part in the pending application.

A campaign to force over-the-counter securities generally on to the exchanges would clearly be contrary to the public interest as the vast majority of these securities do not lend themselves to listed or auction (matching orders of buyers or sellers) trading. Included in this category are the securities of the smaller corporations in the country. Equities of that nature, it must be kept in mind, are not sought after BUT HAVE TO BE SOLD to investors by the over-the-counter firms.

If it were illegal to buy or sell such securities other than through the medium of an organized exchange, they would become largely frozen and investors would, inevitably show little interest in providing capital for small corporations through the purchase of their securities.

DOES ANY ONE THINK THAT CONGRESS OR THE PUBLIC WOULD PERMIT SUCH A CONDITION TO PREVAIL? WE THINK NOT!

National City Bank Reports 1944 Net Operating Earnings of $15,355,511; Gain Over 1943

(Continued from page 157)

"During the year $12,500,000 was added to surplus, $7,500,000 in June and $5,000,000 in December. The total was made up of $7,142,695 net profits from the sale of securities, $2,357,305 from realized recoveries, and $3,000,000 transferred from undivided profits.

"At the year-end capital stood at $77,500,000, surplus at $122,500,000, and undivided profits at $28,610,465."

On the subject of reserves the report says:

"We continue to follow a policy of setting up reserves for specific items, and maintaining an additional fund of unallocated reserves. These unallocated reserves are deducted in arriving at the asset figures which appear in our published statement. The amounts so deducted at the year-end are approximately $29,000,000 against which there are no known charges at this time. Certain other assets are carried on the bank's books at figures under estimated liquidating values. Adding these values in excess of book values to the unallocated reserves, the total such reserves at the year-end, after the addition of $12,500,000 to surplus during the year, amount to approximately $40,000,000."

The bank reports that "at the year-end total deposits were $4,205,000,000, which is $471,000,000 more than a year ago, of which $335,000,000 is the increase in the Government war loan account. This total is a new high figure for any published statement in the history of the bank. This situation reflects the general expansion of bank credit due to Treasury financing referred to earlier. Our bank has continued to receive its share of the increase in deposits in New York City. At the year-end there were over 710,000 accounts of all types on our books here and abroad."

The statement is made in the report that "nowhere are present conditions reflected more dramatically than in those departments which actively serve the largest portion of the public." "These," it says, "are the compound interest and the personal credit departments. Thrift deposits at the branches increased $47,000,000 to a year-end total of $206,000,000. On the other hand, reflecting war conditions, small loans to individuals and neighborhood business in our personal credit department reached in May the lowest point since the beginning of the war, and thereafter rose slightly. Safe deposit business in our branch units is at an all-time high."

With respect to its foreign operations, the bank says:

"The 35 branches in South and Central America and in the West Indies have been very active in facilitating trade between these countries and the United States, as well as financing the movement of essential war materials for our Government. Many inquiries from American business concerns lead us to expect a further expansion in the usefulness of these branches with the end of the war.

"Our two London branches serve as bankers not only to American business interests in Great Britain but also to many members of our armed forces and to certain of our Government disbursing offices. The active staff of the two offices, numbering 139, have fortunately escaped severe physical injuries from the robot bombing, though some have suffered shock and there has been damage to the homes of several staff members. From these two offices, 70 people are serving in the British forces. Our premises in London so far have escaped any serious damage from enemy bombing since the repair of damage done in 1940."

Calls for Post-War Government Economy

First National Bank of Boston Says Present Tax Policy Stifles Business Initiative and Incentives to Risk Taking. Guaranteeing 60 Million Jobs, It Holds, Has a Medieval Tinge and Will Lead to Totalitarianism.

In its year-end "New England Letter," the First National Bank of Boston offers a realistic analysis of present and post-war tax policies, and severely criticizes the proposal of having the Federal Government guarantee 60 million jobs as leading the way to Government "taking charge of all our economic activities." It urges a post-war spending program that would cut all non-essential items to the bone, and that would eliminate deficits "for future generations to pay." The text of the bank's analysis follows:

Colossal Federal expenditures and onerous taxes during the war period are unavoidable, and we must brace ourselves accordingly. But the foundation must now be laid for sound post-war fiscal policies. As a matter of fact, several groups have been working for a year or more trying to draw up blueprints for fiscal policy. So far no program has been formulated that is satisfactory from both political and economic point of view.

There are two principal bases of taxation—purchasing power and business incentive. Under the former theory, it is held that those in the lower-income group—family income below $2,500—should be lightly taxed, or not at all, since this group accounts for a large proportion of the consumer buying, and by paying a minimum of taxes they will have that much more money to spend in the market place and thus provide for a high level of business activity and employment.

This sounds plausible and is politically popular. But there are unfavorable long-term consequences involved in this policy of taxation that should be given serious consideration. With prospects that Federal expenditures in the post-war period may be from two to three times the average annual outlay of the 1930's and at least six timess as much as the average for the 1920's in order to cover the indispensable items, it is obvious that there must be a curb on all non-essential spending. The most effective brake is a tax-conscious public Any tax plan, therefore, that would relieve a large proportion of the voters from a fair share of the burden would be unsound in principle and in practice as this would tend to remove any effective opposition to excessive public spending. It might also encourage heavy spending in the post-war period for the benefit of groups thus favored. On the other hand, the tax relief of the lower-income group would shift the burden to the middle class and to those in the upper-income brackets. If too large a burden is placed on the middle class, it might lead to the liquidation of a group that is the backbone of our private enterprise and democratic Government. Furthermore, it would tend to dry up the source of new venture capital, a steady flow of which is essential to a vital and expansive economy and for the creation of new jobs. It is estimated that on the average about $6,000 in plant, equipment and machinery is invested for each industrial worker. Should excessive taxes make unattractive such investment, then a blow would be struck at the source of job making. So by penalizing those who provide the job money, the workers would be robbed of jobs and thus create chronic unemployment, as prevailed in the 1930's.

In the past, when taxes constituted such a small proportion of national income, it did not matter so much—so far as our economy is concerned—what was the basis of taxation. But in the post-war period, with taxes absorbing a large share of income, it is of grave concern how the burden is spread.

The essence of the American system is the release of individual energy and intiative under adequate incentives in risk-taking enterprises. This system has demonstrated in peace and in war that it is far superior to any other yet devised. But the stage has been reached where the American people must decide whether they want to continue under this system or proceed blindly along a course that leads downward and backward toward a system of regimentation, the pattern of which was designed in the harsh and monotonous Middle Ages. So the plan proposed of having the Federal Government guarantee 60 million jobs has a mediaeval tinge. For the only way that the Government could make good on such a proposal would be by taking complete charge of all of our economic activities. The totalitarian powers of Europe promised their people security and jobs, but in carrying out their policies the governments concerned took the trail that led to dictatorship, militarism, imperialism and, finally, war. Such are the inescapable consequences of departure from the underlying principles of private enterprise.

Many of the planners are proposing post-war expenditures on the assumption that our national income in the post-war period will be at least $140 billion. This may prove to be entirely unwarranted. At any rate there is no justification for making plans on the basis of such a high level of income. National income cannot be raised to any given level by the pressing of a button or by Government decree, or because we need a prescribed amount in order to cover desired Federal expenditures. No, national income represents the aggregate output of commodities and services rendered under a system of exchange among the people of the country. Our concern should be that this system work smoothly and effectively and that fresh capital—the lifeblood of enterprise—constantly flow back into business so that we may have a dynamic and expansive economy capable of providing jobs and opportunities for all those willing and able to work.

When it comes to expenditures, a vast array of items can readily and easily be brought forward that aggregate staggering amounts. But it is a painful procedure to raise taxes in peacetime even for the inescapable items of the budget. A liberal attitude toward the spending of public funds is not peculiar to this country or this age. It has always been a human failing. Nevertheless, this country has never before in peacetime, except perhaps in its early days, been compelled to face such stern and difficult fiscal problems as it will in the post-war period.

Our stakes are now so high that no longer can we afford the luxury of wishful thinking, star-gazing and the blowing of bigger and bigger bubbles. The time has come for us to face the situation in a realistic manner, think through our problems and adopt sound measures all along the line.

The post-war tax policy can largely shape the destiny of this country. Hence, until we have some conception of the amount of post-war Federal expenditures and the tax-collecting capacity of the country, we cannot proceed very far with plans for the future.

Taxes in the post-war period will inevitably be high because of the heavy interest charges on the Federal debt and the large outlays for military purposes. But all non-essential items should be cut to the bone. If we are to attain national solvency after the war we must eliminate waste and extravagance, reduce Governmental bureaus and commissions, and abandon the philosophy of spending our way to good times. Common sense should tell us that we cannot continue after the war to pile up deficits for future generations to pay. A conscientious and determined effort should be made, therefore, to balance the budget when the emergency is over.

Congress Creates New Group to Investigate Un-American Activity

Without a dissenting vote, the House on Jan. 3 approved a resolution "impounding" the files of the six-year investigation of the special committee on Un-American Activities and directed that they be turned over intact to the new standing committee on Un-American Activities, created on Jan. 3 by the House by a vote of 207 to 186. Reporting this from Washington Jan. 4 special advices to the New York "Herald Tribune" said:

"The action was taken as opponents of the investigation, which had been conducted under the direction of former Representative Martin Dies, of Texas, began a fight to deny funds to the newly established committee and lay down standards for its procedure.

As a standing committee of the House, it will have to get money through the regular legislative appropriations and not from the contingent fund of the House administered by the Committee on Accounts. Representative John J. Cochran, Democrat, of Missouri, chairman of the Accounts Committee, an avowed opponent of continuation of the activities of the Dies committee, said today: "They will not get a dime from the Accounts Committee if I have anything to say about it."

A. B. A. To Hold Savings Conference In New York

Plans are in process for a savings conference for the bankers of New York, New England and Northern New Jersey, to be held at the Hotel Pennsylvania in New York City on March 16, it was announced in New York on Jan. 1 by H. R. Templeton, President of the Savings Division of the American Bankers Association. Mr. Templeton is Vice-President of the Cleveland Trust Company, Cleveland, Ohio. The conference program will be devoted to operation problems of savings banks and savings departments, and will include discussions of loan experience under the GI Bill of Rights. While the conference is being planned primarily for the bankers of New York and New England, and the northern half of New Jersey, bankers from other sections will be welcome.

Are Americans Isolationists?

(Continued from page 167)

The Isolationist knows that we signed the Lansing-Ishii agreement during Woodrow Wilson's Administration recognizing Japan's "special interests" in China.

The Isolationist knows that the failure of the League of Nations to prevent Japan's aggression in China in defiance of Article 10 of the League of Nations Covenant, which pledges each member government to "preserve" against "aggression" the "territorial integrity" and "political independence" of every other member government.

The Isolationist knows that the signatories of the "Nine Power Treaty" failed to take action against Japan's aggression in China after their meeting at Brussels in 1937.

The Isolationist knows that the signatories to the "Nine Power Treaty" of 1922 included Japan, Great Britain, France, Italy, Belgium, China, the Netherlands, Portugal and the United States, who pledged themselves to respect the territorial and administrative "integrity" and "sovereignty" of China.

The Isolationist knows that, incredible as it may seem in the light of today's events, Great Britain, a signatory of the Nine Power Treaty, signed an agreement with Japan in 1939 stating that **"the Japanese forces in China have special requirements for the purpose of safeguarding their own security; and His Britannic Majesty's government have no intention of countenancing any act prejudicial to the attainment of that object."**

The Isolationist knows that Germany's unwarranted invasion of Belgium at the inception of World War I in defiance of her treaty obligations is perhaps the most outstanding treaty violation in history. A treaty is the most solemn obligation a nation can assume but when Germany regarded its treaty obligations as "a mere scrap of paper," the respect of that nation and other nations for the sanctity of any international treaty to perpetuate world peace was fundamentally weakened.

If Great Britain, France, Germany, Japan, Italy, Russia and the other powers would forsake imperialism and had the character to sacredly observe their international agreements and treaties, the world would then be ready for a real League of Nations that might mean a lasting world peace for all humanity.

Without character and without spiritual values no man-made world peace organization will be more than a pretense and a magnificent gesture.

In this material age no human power or society of nations can restrain the Germans, French, Russians and British from fighting out their political and economic contentions in the next century or stop the smaller European nations from fighting for the right to exist independent of the big powers the same as the United States did in 1776 and 1812.

An Isolationist's Reflections Anent Present Day War Developments

To be told by President Roosevelt that the Atlantic Charter is an unsigned scrap of paper having no official standing, was distinctly as much of a shock to us as our diplomatic frictions with Britain, concerning Greece and Italy.

Not only the ditching of the Atlantic Charter by Britain and the United States, but Britain's acquiescent attitude with reference to the wholesale partitioning of Poland by Russia is something to cause grave concern to this country.

The present Russian military inactivity following Russia's unsuccessful efforts to capture Warsaw and the dormant Russian effort to invade Germany on the Eastern frontier through East Prussia, has given rise to disturbing doubts, while General Von Rundstedt's invasion of Belgium and Luxemburg is raging and our American forces are engaged in a life and death struggle to resist the Germans.

The thought arises as to whether the Russians, having accomplished the conquest of all the states on their western border, are not laying down and whether Russia has not been over-rated politically and militarily, since the march from Stalingrad—an achievement which might not have been successful without the vast amount of material and equipment supplied by the United States and Britain.

Now that Russia has conquered Poland, Finland, Latvia, Estonia, Lithuania, Romania and Bulgaria, who knows whether Russia will make a sudden peace with Germany before that country has been completely defeated by the United States and Britain?

Such a deal is within the range of possibilities if Germany were to concede Russia's enlarging sphere of influence and the right to control and dominate the Balkan countries in Europe.

This leads us to ask ourselves why is it the United States hasn't a real foreign policy, why is it that our peace aims and objectives are not given clear militant expression by our Chief Spokesman in language such as Woodrow Wilson used in his worldwide appeals to the peoples of all nations?

Secret meetings and secret conversations, of which our Congress and our people are barely informed, will not bring about the military, political and diplomatic results which will cement the United Nations into one endeavor to win the war and pave the way for a lasting peace.

The hour is ripe for a declaration of peace aims, principles and plans addressed to the World and to the German and Japanese people in particular, which will state what our position will be in the Peace Settlements and in the Post War era with respect to Germany, Italy, Japan, Britain, France and Russia.

Our primary purpose in fighting this war is the establishment of a friendly Peace that will be a lasting one, free from the horrors of War for the years to come.

In the Peace Settlements with Germany and Japan, we should be guided by Montaigne's transcendent wisdom that "there are some defeats more triumphant than victories."

Note—The writer wishes to acknowledge his debt to the publishers of The Commercial and Financial Chronicle for the use of the back volumes of the paper and its records for confirmation of many of the factual details used in the above article.

The views presented by Mr. Wilson are solely his own and are not to be considered an expression of the "Chronicle's" editorial opinion or policy.—Editor.

[The CHRONICLE invites comments on the views expressed by Mr. Wilson, or on any related phases of the subject under discussion. Comments should be addressed to Editor, Commercial and Financial Chronicle, 25 Park Place, New York 8, N. Y.]

Tomorrow's Markets Walter Whyte Says—

(Continued from page 158)

money around is no great secret. That some of it is coming into the market is also common knowledge. But the truth of the matter is that the great majority of present and potential stock buyers don't know what they are buying. And probably care less. This doesn't mean that stocks are going down. On the contrary, it's the other way around.

* * *

A public loaded with cash, each member eager to get aboard the gravy wagon, can make ordinary markets turn into hurricanes. It is particularly true if one or more of the current rumors happen to come true. A two-for-one split in one stock makes it plausible that the others will follow. An advance in one issue points the finger of plausibility at the others. The fact that a stock split is never bullish is blithely ignored. Stocks are created for only one reason—to be sold. What easier way to sell than to make them available to more people by reducing their price. Remember this: money is made by selling stocks; not buying them.

* * *

In the past few days stocks have moved up rapidly. Some of these are close to old objectives. For example, the rails appear to have a couple of more points left in them, but their action indicates tops in the making. Atchison may go to 90; Atlantic Coast Line to about 62; B. & O. to 16; Delaware & Hudson, 44; Great Northern, 52; N. Y. Central, between 26 and 26½, and Northern Pacific, about present levels or a point or so better. There's plenty of range in these figures for more profits. But waiting for the last point never pays off.

* * *

It is more likely that the utilities may get a ride from here. Public Service of N. J., North American and Consolidated Edison appear to be champing at the bit.

* * *

Plenty of industrials are also in the "Gee-we-want-to-go-up-too" class. Among these are American Crystal Sugar, American Steel Foundry, Baldwin Loco., Bendix, and most of the steels, to mention a few. If you buy any of them, remember that stops are a useful tool. Stop in Crystal Sugar is 18, Steel Foundry 27, Baldwin 25, Crucible 35, Steel 58.

* * *

American Smelters saved itself when it crossed 42 on Monday. It is now about 42¾. You bought it at 39½. Raise you stop to 42. Climax Molybdenum went out. You got it at 34½. Monday's price was 35½. G. L. Martin still acts okay. Keep your stop at 22. Purchase was at 21½. Timken Detroit Axle also is all right—yet. Stop is still 35. You bought it at 33½.

* * *

A last word of warning: water may look fine, but don't wet more than your toes. And keep a towel handy.

* * *

More next Thursday.

—Walter Whyte

[*The views expressed in this article do not necessarily at any time coincide with those of the Chronicle. They are presented as those of the author only.*]

New York Stock Exchange Weekly Firm Changes

The New York Stock Exchange has announced the following firm changes:

Effective Jan. 1, 1945, C. O. M. Sprague, general partner in Wood, Walker & Co., became a limited partner.

Weston D. Bayley, general partner in Montgomery, Scott & Co., became a limited partner, also a trustee, under deed of trust dated Dec. 26, 1944, effective Jan. 1, 1945.

John L. Loeb, special partner in Carl M. Loeb, Rhoades & Co., became a general partner, effective Jan. 1.

E. W. Clucas, general partner in E. W. Clucas & Co., became a general and limited partner, effective Jan. 1, 1945.

Isabel P. McDermott withdrew from partnership in Raymond Sprague & Co. on Dec. 31, 1944.

Herbert A. Shipman retired from partnership in Richard K. Kaufmann, Alsberg & Co. on Jan. 1, on which date his privilege to act as alternate on the floor of the Exchange for Bernard J. Lasker was withdrawn.

Joseph M. Byrne Jr. retired from Emanuel & Co. on Dec. 31.

Chester B. Blakeman of Atlanta, Ga., retired from partnership in Dobbs & Co. on Dec. 31.

J. Henry Harper retired from partnership in F. S. Smithers & Co. on Dec. 28.

Privilege of Robert P. Cresci to act as alternate on the floor of the Exchange for Harold B. Blumenthal of Robert J. Levy & Co. was withdrawn on Dec. 28.

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Sees Inflationary Pressure Rising

National City Bank in Review of Business Outlook for 1945 Points to Steel Wage Increase as Leading to Upward Pressure on Prices of all Manufactured Goods.

The January issue of the "Monthly Bulletin" of the National City Bank of New York contains a brief analysis of the business outlook for 1945, in which it is pointed out that, because of the emphasis placed on increasing war production, there is little room for additional moves toward industrial reconversion, and that, apart from the need for increased war production, "the most urgent domestic problem of 1945 is to combat the inflationary danger through rigid economy."

"The emphasis on sustaining and increasing war production," notes the circular, "is the known element in the 1945 business outlook, and the uncertainty as to when the military situation will permit curtailment of war production is the unknown element. The pattern until Germany is defeated has been set; while war production is sustained employment, income and trade—to the extent that merchandise is available—will be sustained. The aim of the Washington agencies, above all else, is to increase production of critical items.

"Outstanding among recent moves is the decision to start construction of new plants for mortar ammunition and heavy tires, although the plants cannot get into production for a good many months. This typifies current policy, which is to be prepared even at the risk of waste. The Maritime Commission has reviewed ship construction plans for 1945, which originally called for a decline as the year went on, and has added 186 cargo ships to the program. Airplane production schedules have been moderately increased. The textile requirements of the armed services have been raised considerably above earlier schedules.

"To meet these needs and turn labor to production of critical items, the War Manpower Commission has tightened up its employment regulations and deferments from selective service of men above 26. The War Production Board has issued a variety of new regulations, particularly in the textile and apparel fields, to assure that requirements of the armed forces will have first priority. These controls apply to wool tops and cotton yarns, among others; they do not signify that civilian production will be stopped, as essential requirements will be given ratings, but they will reduce civilian supplies of worsted goods and such cotton products as drapery and upholstery fabrics, bedspreads, etc.

"Lumber controls apparently will be tightened. Supplies of rationed shoes will decline. The copper situation is tighter because of the tremendous demand for brass for ammunition, and limitations on the use of lead are being tightened. The output of civilian motor trucks will be reduced drastically; also commercial vehicles in use will get not much more than half the tires they need in the first quarter of the year, and production of civilian tires has been ordered cut. The steel situation has tightened considerably, and will be further affected by the enlarged ship program.

"Authorizations of new civilian production under the spot authorization procedure have virtually ceased, although still permissible in non-critical labor areas, and WPB has formally expressed its intention to hold civilian production in the first quarter of the year at the present level.

"For five months industrial production in the aggregate has been virtually unchanged, the Federal Reserve Board's index for November having been two points above last July. Evidently this figure, 232 on the basis 1935-39=100, represents an approximate ceiling, fixed chiefly by the present labor supply and by the difficulties incidental to shifts in manufacture from one product to another. Since more men are to be inducted into the armed forces, and highway transportation may give increasing difficulty, it seems unlikely that this ceiling can be raised; but the labor supply should be sufficient to maintain the present level of output if all concerned work with urgency and efficiency. November figures show that production of the critical war items was then making encouraging progress.

"This projection of the economic situation leaves little room for additional moves toward industrial reconversion. The official policy is to frown even upon discussion, for fear it may influence workers to leave war plants for civilian jobs. This policy obviously does not suppress all progress toward meeting reconversion problems, such as perfection of the contract termination and surplus disposal machinery of the Government and private planning by corporations where it does not interfere with the war effort. Business long has been on notice that the situation will change when the German war ends and naturally does all it can to prepare for the change. However, reconversion is put in the background, and appropriately so, in order to concentrate all energies on the urgent needs.

Combating Inflation

"Apart from the need to increase war production, the most urgent domestic problem of 1945 is to combat the inflationary danger through rigid economy, both governmental and private, through saving and investment in war bonds, and through cooperation in the stabilization measures. Commodity prices have been well stabilized during 1944, on the average, but the uptrend though slight has been persistent and the price indexes at the year-end are the highest yet reached. The actual price rise is less disquieting than other aspects of the situation. One is the heavy spending so recently in evidence. Another is the indication that supplies of some consumers' goods will be reduced rather than increased in 1945.

"Most disquieting of all is the resistance of special groups to stabilization measures applying to them. The Little Steel wage formula is being adhered to in name, but broken in practice. Increased wage rates so far have been absorbed largely by increases in volume and narrowing of profit margins, but with volume at the ceiling one way to absorb higher wages is already closed. If the decision of the War Labor Board to raise steel wages is followed as widely in other industries as seems likely, the upward pressure on prices of manufactured goods during 1945 will be greater than since the early stages of the war.

"The necessary precedent to adoption of sound policies, both in the public and private sphere, is sound analysis of the problem. People need to be reminded again that, despite the gratifying degree of price stabilization during the war, the inflationary forces are greater than ever known. If the war is protracted they will be raised to still greater heights and their pressure multiplied."

Proposes Investigation of SEC

(Continued from page 155)

enterprise can do will depend on the availability of capital and the preservation of the spirit of incentive, and he esteems it high time for the Congress to carefully explore this field in the hope that the free enterprise system will have full opportunity to perform the task which will be expected of it in the post-war period.

The text of Congressman Dirksen's resolution follows:

79TH CONGRESS, 1ST SESSION

H. RES. 14

in the House of Representatives
January 3, 1945

Mr. Dirksen submitted the following resolution; which was referred to the Committee on Rules:

RESOLUTION

Resolved, That a committee of five Members of the House of Representatives, not more than three of whom shall be from the same political party, be appointed by the Speaker, which committee is hereby authorized and directed to conduct a complete and thorough examination of the procedures, actions, conduct, and policies of the Securities and Exchange Commission created under the provisions of Public Law Numbered 291, Seventy-third Congress, approved June 6, 1934, which investigation and examination shall include but not be limited to—

(1) The administration of the Securities Act of 1933 and the Securities Exchange Act of 1934 and the effect of its administration upon the capital markets and upon small business;

(2) The administration of the functions of the Securities and Exchange Commission in connection with reorganizations under chapter X of the Bankruptcy Act to determine abuses of authority, if any, and whether or not there has been full, fair, and impartial administration of the duties of the Commission in those reorganizations and to determine the injury, if any, sustained by public security owners as a result of conflicting rulings by the Commission;

(3) The administration of the Public Utility Holding Company Act of 1935 and whether there has been proper and adequate protection of investors and parties in interest and a fair and just and equitable disposition of matters which have been brought before the Commission.

Sec. 2. The said committee shall from time to time report to the Congress the results of such investigations and make such recommendations as it sees fit concerning the actions of the Commission, and its personnel, or may recommend legislation or amendments to existing law.

Sec. 3. The committee or any subcommittee thereof shall have power to hold hearings and to sit and act at any time within or without the District of Columbia whether the House is in session or has adjourned or is in recess; to require by subpena or otherwise the attendance of witnesses and the production of books, papers, and documents; to administer oaths; to take testimony; to have printing and binding done; and to make such expenditures as it deems advisable within the amount appropriated therefor. Subpenas shall be issued under the signature of the chairman of the committee and shall be served by any person designated by him. The provisions of sections 102 to 104 of the Revised Statutes shall apply in the case of any failure of any witness to comply with any subpena or to testify when summoned under authority of this resolution. The committee is authorized to employ such expert, clerical, and stenographic help as may be necessary. For the purposes of this resolution, the committee is authorized to expend not to exceed the sum of $10,000, which shall be paid from the contingent fund of the House of Representatives upon voucher by the chairman.

AFL Aide Says Manpower Fears Overrated And That Problem Is Local One

Unwarranted hysteria over manpower was disturbing employers throughout the country, said Frank Fenton, American Federation of Labor representative on the War Manpower Commission's Management-Labor Committee, on Jan. 5, who contended that the difficulties were strictly of a local and specific nature. Advices to this effect were contained in a special dispatch from Washington to the New York "Times" on Jan. 5, from which the following is also taken:

"He (Mr. Fenton) also said that official figures refuted statements that unusually large numbers of workers had voluntarily left war production for peace-time jobs.

"Mr. Fenton said there is no general manpower shortage. 'I don't like substituting hysteria for common sense,' he said. 'This is disturbing all employers in the country, when the problem is specific bottlenecks. Our problem is the utilization of existing manpower and skills.'

"Mr. Fenton, who is director of organization for the AFL, said his entire organizing staff in the field is committed to the current manpower recruiting and channeling program. Labor did not subscribe to some of the Government's methods of attacking manpower problems by compulsory methods, he said, but 'we made up our minds we would obey our Government and go along and do the best we can.'

"As an example of compulsion he opposed, he cited, the enforcement of employment ceilings in less-essential industries. Mr. Fenton said that if an employer with 800 workers is ordered to cut his force to 500, most likely he will lay off his most inefficient help, or his oldest employes, or women. He contended that the result would be a pool of unemployed rather than an increase in the munitions labor force because many, if not all, of those laid off would not be useful in munitions.

"Instead, Mr. Fenton advocated that local management-labor committees tackle the problems. Employers producing less-essential goods would be called in and asked to lend a specific number and type of worker to plants critically in need of such help to meet munitions schedules.

"Referring to impressions that large numbers of workers were quitting munitions for peacetime jobs, Mr. Fenton cited findings of the Bureau of Labor Statistics which showed that the quit rate in all other manufacturing was at least 1 percentage point higher than in munitions every month of 1944 through September."

Denver IBA Group Plans Finance Program

DENVER, COLO.—A special post-war committee, headed by Canton O'Donnell of Garrett-Bromfield & Co., has been appointed by the Rocky Mountain Group of the Investment Bankers Association to plan for the financing, through regular investment channels, of new industries, both large and small, in the Rocky Mountain region. The committee, believed to be the first of its kind to be formed by a regional IBA group, will include a member from each of the local investment houses.

The committee, in cooperation with the Chamber of Commerce, plans first to contact all local and civic groups interested in the establishment of new industries after the war, to acquaint them with the willingness of the investment bankers to provide financing service for any sound, legitimate enterprise. Consultations will be held with those proposing to form new industries and businesses to determine their financial needs and how these may be met.

The IBA group is primarily interested in forestalling any proposal to set up some new Government lending agency to finance post-war projects, particularly for small businesses, since, officials believe, the existing investment banking system is capable of providing necessary finances from private investors for all sound and legitimate enterprises which may be proposed. The group is prepared to point to its achievements in handling such large transactions as that involving the reorganization of the Public Service Co. of Colorado as evidence of its ability to meet financing demands even if they run into millions of dollars. Any business or industrial proposals laid before the new committee will be kept in strictest confidence.

It is expected that other IBA groups throughout the country will follow the lead of the Rocky Mountain group in setting up similar committees to serve their own localities.

Heavy Canada Trading In December Reported

Indications are that Christmas trade in Canada has outrun that of last year by a substantial volume, and would have been even greater if supplies in some lines had been equal to the demand, said the Bank of Montreal in its monthly summary of Canadian business conditions released on Dec. 22, which continued in part:

Buying is reported to have been unprecedented in some quarters and on a very heavy scale generally. Last year December retail sales approximated $470,000,000, as compared with a monthly average of $340,000,000 for the year. This high mark appears to have been well exceeded in the Christmas trade of 1944. Helping to swell the volume of Christmas trade is the high level of the purchasing power of the farming community, which has been particularly noticeable in the Prairie Provinces.

The year is ending with business in general moving at very high levels. Official records show that in the first ten months of the year manufacturing production registered a moderate advance, even over the challenging record set in 1943, and all productive operatioins were slightly higher. A generally sound business condition is indicated in the comparatively low rate of commercial failures, the record in this respect having been better in the last two years than at any other time covered in official records. On the reverse side of the business picture is an employment decline of 1.2% in September, chiefly in the manufacturing and construction fields, this being the first downward movement in that month since 1931.

Canadian agriculture has written up a new record this year with the principal field crops valued at an estimated gross of $1,319,000,000. The figure is nearly double that of 1939, exceeds that of 1943 by $185,000,000 and that of 1942, the previous peak year, by $140,000,000. The 1944 increase reflects slightly higher prices received for better-than-average crops.

Calendar Of New Security Flotations

OFFERINGS

AMERICAN HOME PRODUCTS CORP. has filed a registration statement for 98,535 shares of capital stock, par $1 per share. Holders of capital stock of record at the close of business Dec. 15 were given rights to subscribe to the new stock at the rate of one share for each ten shares held at $59 a share. Rights expired at close of business Jan. 2, the stockholders subscribing for 92,690 shares. The unsubscribed stock was offered by the underwriters. Net proceeds will be added to the general corporate funds of the company. Hornblower & Weeks, New York, head the underwriting group. Filed Nov. 25, 1944. Details in "Chronicle," Nov. 30, 1944.

DAYTON RUBBER MANUFACTURING CO. has filed a registration statement for 60,000 shares of common stock, par $1. Of the total, 50,000 shares are being sold by the company and 10,000 shares by two stockholders. Company will use the proceeds from the sale of 50,000 shares for the expansion of its Dayton, O., plant and for the acquisition and installation of additional productive facilities at its Dayton, O., and Waynesville, N. C., plants. Lehman Brothers are principal underwriters. Filed Dec. 23, 1944. Details in "Chronicle," Jan. 4, 1945.

Offered Jan. 10, 1945 at $23.50 per share.

HANCHETT MANUFACTURING CO. has filed a registration statement for $450,000 first mortgage convertible 5½% bonds, series A, maturing serially from 1945 to 1964, and 45,000 shares of common stock ($1 par). The shares are reserved for issue upon conversion of $450,000 first mortgage convertible bonds. Proceeds will be applied to the reduction of bank loans. Filed July 20, 1944. Details in "Chronicle," July 27, 1944.

Offered Jan. 9 by B. W. Brooks & Co., Inc., at prices ranging from 99½ to 102½ according to maturity.

MONOGRAM PICTURES CORP. has filed a registration statement for 100,000 shares of 5½% cumulative convertible preferred stock, par $10. Proceeds will be added to working capital. Company stated its present intention is to use such additional working capital for the reduction of current liabilities by approximately $300,000 and the balance in the production of its motion pictures. Filed Dec. 1, 1944. Details in "Chronicle," Dec. 7, 1944.

Offered Jan. 10, 1945 at $10 per share and dividend by Emanuel & Co., Buckley Brothers, Hirsch & Co., Johnston, Lemon & Co. and Straus & Blosser.

SERVEL, INC. has filed a registration statement for 60,000 shares of $4.50 cumulative preferred stock (no par). Proceeds will be added to the general funds of the company. Part of the proceeds may be expended for plant expansion, reconversion and changes and for tools, machinery and equipment. Principal underwriters are Kuhn, Loeb & Co., Blyth & Co., Inc., Coggeshall & Hicks, First Boston Corp., Glore, Forgan & Co., Harriman Ripley & Co., Inc., Mellon Securities Corp., A. G. Becker & Co., Merrill Lynch, Pierce, Fenner & Beane, Union Securities Corp., A. C. Allyn & Co., Inc., E. H. Rollins & Sons, Inc., Slade & McLeish, Tucker, Anthony & Co., and G. H. Walker & Co. Filed Dec. 21, 1944. Details in "Chronicle," Dec. 28, 1944.

Offered Jan. 9, 1945 at $105 per share and dividend.

NEW FILINGS

List of issues whose registration statements were filed less than twenty days ago, grouped according to dates on which registration statements will in normal course become effective, unless accelerated at the discretion of the SEC.

THURSDAY, JAN. 11

WEATHERHEAD CO. has filed a registration statement for 20,000 shares of cumulative preferred stock (no par). Dividend rate will be filed by amendment. The net proceeds will be applied to $1,600,000 outstanding promissory notes dated May 1, 1944, payable to banks. This amount was borrowed to assist the corporation in financing war production and the termination thereof. The balance of the proceeds will be added to general funds and may be used in connection with conversion from wartime to peacetime operations and the development of company's peacetime business. The underwriting group is headed by Merrill Lynch, Pierce, Fenner & Beane. Filed Dec. 23, 1944. Details in "Chronicle," Jan. 4, 1945.

GENII CORP. has filed a registration statement for 1,868 shares of common stock. Company plans to sell the securities registered direct to the public without the assistance of underwriters or dealers. Offering price to the public is $100 per share. Proceeds will be applied to building and improvements, machinery and equipment, etc. Balance will be used for working capital and reserve for contingencies. Filed Dec. 23, 1944. Details in "Chronicle," Jan. 4, 1945.

MONDAY, JAN. 15

DUREZ PLASTICS & CHEMICALS, INC., has filed a registration statement for 73,208 shares of common stock, par $5. Company is granting to holders of its common stock of record at close of business Dec. 27, 1944, rights to subscribe to 73,208 shares of common stock at $29 per share in ratio of 100/583rds of a share for each share held of record. Company has entered into an agreement with the M. A. Hanna Co. of Cleveland, O., to purchase for its own account for investment purposes only all of the 73,208 shares, or such part thereof as shall not be purchased by stockholders, at the same price at which they are being offered to the stockholders. Net proceeds will be used to provide additional funds to enable the company to participate in the developments which it is expected will take place in the plastics and chemical industries upon the return of peace. Filed Dec. 27, 1944. Details in "Chronicle," Jan. 4, 1945.

PHILIP MORRIS & CO., LTD., INC., has filed a registration statement for 199,847 shares of cumulative preferred stock, $100 par, and subscription rights for like amount. Company is offering to holders of common stock rights to subscribe for 199,847 shares of preferred stock, at the rate of one share of cumulative preferred for each five shares of common stock held. Company also offers, subject to the subscription rights to the holders of common stock, to the holders of its outstanding 4¼% and 4½% preferred stock the right to exchange their shares of old preferred stock, share for share, for the new cumulative preferred stock, plus a cash adjustment. Such shares as are not issued under the subscription and exchange offers will be purchased by underwriters and offered to the public. Net proceeds from the sale of shares not issued in exchange for old preferred stock will, to the extent necessary, be devoted to the redemption of the old preferred stock. The old preferred stock is to be redeemed in March, 1945, at $104 per share and dividends for the 4¼% preferred and $107 and accrued dividends for the 4½% preferred. Any balance of proceeds will be added to the general funds of the company. Lehman Brothers and Glore, Forgan & Co. head the underwriting group. Filed Dec. 27, 1944. Details in "Chronicle," Jan. 4, 1945.

TUESDAY, JAN. 16

CENTRAL OHIO LIGHT & POWER CO. has filed a registration statement for 11,972 shares of preferred stock, cumulative ($100 par). The dividend rate will be filed by amendment. The company proposes to invite proposals for services to be renedered to it in obtaining acceptances of the exchange offer of new preferred stock for old preferred, and for the purchase from it of such of the 11,972 shares as are not exchanged pursuant to the exchange offer. The 11,972 shares of new preferred are to be issued to retire the outstanding $6 preferred shares. The exchange offer is to be on a share for share basis plus a cash adjustment. Company will call for redemption the unexchanged shares, subject to the consummation of the sale to underwriters of the stock to be sold. The proceeds from such sale will be applied in part to the redemption of any such unexchanged shares. The redemption price of old preferred stock will be $110 per share plus accrued dividends. Filed Dec. 28, 1944. Details in "Chronicle,," Jan. 4, 1945.

TUESDAY, JAN. 23

GROUP DISTRIBUTORS, INC., has filed a registration statement for 10,000,000 shares of capital stocks par one cent a share.

Address—No. 1 Exchange Place, Jersey City, N. J.

Business—Mutual investment company.

Underwriting—Distributors Group, Inc.

Offering—At market.

Proceeds—For investment.

Registration Statement No. 2-5560 Form A-1. (1-4-45).

THURSDAY, JAN. 25

SOUTHWESTERN PUBLIC SERVICE CO. has filed a registration statement for $17,500,000 first mortgage bonds, 3⅛% series due 1974, and 50,000 shares of cumulative preferred stock, par $100 per share.

Address—Republic Bank Building, Dallas Texas.

Business—Public utility company.

Offering—Holders of the company's outstanding 6½% cumulative preferred stock will be given the opportunity to exchange the shares of old preferred stock for shares of new preferred on a share for share basis. Consummation of the exchange is subject to the authorization of the new preferred by common stockholders, purchase by the underwriters of the $17,500,000 new 3⅛% bonds and of such shares of new preferred as are not issued in exchange for old preferred. Offering price of the bonds and preferred stock to the public will be supplied by amendment.

Proceeds—Net proceeds from the sale of bonds and of new preferred stock if all is not issued in the exchange offer with proceeds from sale by the company of its interest in its former subsidiary, Gulf Public Service Co. and of certain other properties, amounting in the aggregate to $4,875,763, and general funds of the company will be used to redeem at 110½ and interest company's first mortgage and collateral trust bonds outstanding in the amount of $20,000,000, and to redeem at $110 per share and accrued dividends outstanding shares of preferred stock not exchanged for the new preferred stock proposed to be issued.

Underwriting—Dillon, Read & Co. is expected to head the underwriting group.

Registration Statement No. 2-5561. Form S-1. (1-6-45).

DATES OF OFFERING UNDETERMINED

We present below a list of issues whose registration statements were filed twenty days or more ago, but whose offering dates have not been determined or are unknown to us.

ALVA PUBLIC TERMINAL ELEVATOR CO. has filed a registration statement for $250,000 10-year 6% subordinated sinking fund notes, due 1954. Proceeds will be used for the purchase of the real estate and the construction of a one million bushel elevator, with a three million bushel head house. To be offered mainly to people in the Alva, Okla., community who are interested in construction of the grain elevator. Filed Aug. 8, 1944.

AMERICAN PHENOLIC CORP. has filed a registration statement for $1,500,000 5% 15-year convertible sinking fund debentures due in 1959 and 345,000 shares of common, par $1 per share. The common stock is issued and outstanding and does not represent new financing by the company. Debentures are to be offered at 100. The common stock which will be sold for the acount of Arthur J. Schmitt, President and Director, is to be offered at $10 a share. Company will use its part of proceeds for working capital. Van Alstyne, Noel & Co. are named principal underwriters. Filed Dec. 6, 1944. Details in "Chronicle," Dec. 14, 1944.

ARKANSAS-MISSOURI POWER CORP. has filed a registration statement for $2,000,000 first mortgage bonds, series A, 3⅛%, due Dec. 1, 1974. Proceeds together with general funds of the company to the extent required, will be used to redeem, at 105, of $2,350,000 first mortgage bonds, series A, 4%, due June 1, 1965, of the company. The bonds will be offered for sale at competitive bidding. Filed Dec. 4, 1944. Details in "Chronicle," Dec. 7, 1944.

CANADA DRY GINGER ALE, INC., has filed a registration statement for 50,429 shares of cumulative preferred stock (no par). Dividend rate will be filed by amendment. The shares are being offered for subscription to the holders of common stock at the rate of one share of preferred for each 12 shares of common held. It is anticipated that in connection with the continuation of the expansion program commenced by the company in 1936 the net proceeds of the stock, together with other funds of the company, will be used for the establishment and acquisition of additional plants and warehouses, the purchase of new machinery and equipment for the proposed new plants, the purchase of additional delivery equipment, for the improvement and rehabilitation of existing plants, etc. Union Securities Corp. and Hornblower & Weeks head the underwriting group.—Filed Dec. 22, 1944. Details in "Chronicle," Dec. 28, 1944.

COLUMBIA PICTURES CORP. has filed a registration statement for 7,880 purchase warrants for common stock and 21,013 shares of common stock, without par value. Samuel J. Briskin, Hollywood, Cal., and A. Schneider, New York, are named underwriters. The price to public is estimated at $13.375 for the warrants and $21 for the stock. The shares of common stock covered by the prospectus are issuable upon the exercise of purchase warrants at any time prior to their expiration date. The entire proceeds from sale of the warrants will be received by A. Schneider, the holder of the warrants. He is treasurer of the corporation and a director and vice-president. Filed Dec. 22, 1944. Details in "Chronicle," Jan. 4, 1945.

EDWARD G. BUDD MANUFACTURING CO. has filed a registration statement for 297,500 shares of common stock, (no par). The shares registered are to cover options which were issued by the company on Jan. 3, 1944, to 163 of its administrative and executive officers and employees to subscribe to an aggregate of 299,500 shares of common stock, the options varying from 300 to 58,440 shares.

The options are exercisable at $7.50 per share, being 125% of the market price of the stock on Jan. 3, 1944 as evidenced by the last sale of the stock on the New York Stock Exchange on that day. Options are good for five years from Jan. 3, 1944. Since the issuance of the options two persons holding options to subscribe to 2,000 shares have resigned from the employ of the company and forfeited their options. Filed Dec. 14, 1944. Details in "Chronicle," Dec. 21, 1944.

CAPITAL TRANSIT CO. has filed a registration statement for $12,500,000 first and refunding mortgage bonds, series A, 4% due Dec. 1, 1964. The net proceeds from the sale of the bonds and from a $2,500,000 bank loan with treasury cash will be used for refunding purposes and to make payments on account of equipment purchases, etc. Filed Nov. 10, 1944. Details in "Chronicle," Nov. 16, 1944.

Issue awarded Dec. 18 to a banking group headed by Alex. Brown & Sons at 97½. The SEC on Dec. 21, 1944, refused to release jurisdiction over the issuance, declaring that the Commission was not satisfied that competitive conditions had been maintained.

COASTAL TERMINALS, INC. has filed a registration statement for 25,000 shares of common stock (par $10). Proceeds will be used for the acquisition of land, equipment and for working capital. Price to public $10 per share. Not underwritten. Filed Sept. 20, 1944. Details in "Chronicle," Sept. 28, 1944.

THE EUGENE FREEMAN CO. has filed a registration statement for $300,000 trade acceptances. Proceeds will be applied to organization expenses, acquisition of motor trucks real estate, buildings, machinery, etc. Filed Sept. 13, 1944. Details in "Chronicle," Sept. 21, 1944.

Registration statement withdrawn Nov. 15, 1944.

EXCESS INSURANCE CO. OF AMERICA has filed a registration statement for 48,981 shares of capital stock (par $5). Shares are to be offered for subscription to present stockholders of record May 31, 1944, on a pro rata basis at $8 per share. Net proceeds will be added to company's capital and surplus funds. Unsubscribed shares will be sold to Lumbermens Mutual Casualty Co. for investment. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

FLORIDA POWER CORP. filed a registration statement for 40,000 shares cumulative preferred stock (par $100). The dividend rate will be supplied by amendment. Net proceds from the sale of the new preferred stock, together with additional funds from the treasury to the extent required, are to be applied as follows: Redemption of 28,762 shares 7% cumulative preferred at $110 per share $3,163,820; redemption of 5,940 shares of 7% cumulative preferred at $52.50 per share $311,850; donation to Georgia Power & Light Co. to be used for redemption of certain of its securities as provided in recap plan of that company $1,400,000; payment to General Gas & Electric Corp. for 4,200 shares of $6 preferred of Georgia Power & Light Co. $75,600, and expenses $80,000, total $5,031,270. Stock is to be offered for sale by the company pursuant to Commission's competitive bidding Rule U-50, and names of underwriters will be filed by post-effective amendment. The succesful bidder will name the dividend rate on the stock. Filed July 21, 1944. Details in "Chronicle," July 27, 1944.

GENERAL AMERICAN INVESTORS CO., INC., has filed a registration statement for 220,000 shares of common stock (no par). The shares are issued and outstanding and do not represent new financing by the company. Lehman Brothers and Lazard Freres & Co., principal underwriters. Others will be filed by amendment. Filed Dec. 19, 1944. Details in "Chronicle," Dec. 28, 1944.

GERMANTOWN FIRE INSURANCE CO. has filed a registration statement for 50,000 shares of common stock, $20 par, and voting trust certificates for said stock. Policyholders of Mutual Fire Insurance of Germantown are to have pre-emptive rights to subscribe for the common stock at $20 per share in proportion to the respective premiums paid by them upon insurance policies issued by Mutual. Voting trust certificates representing shares not subscribed will be offered to the general public at the same price. All stockholders will be asked to deposit shares in the voting trust for a period of 10 years. Bioren & Co. are underwriters. Filed May 29, 1944. Details in "Chronicle," June 8, 1944.

LINCOLN PARK INDUSTRIES, INC., has filed a registration statement for $250,000 6% ten-year debentures maturing Nov. 1, 1954. Debentures to be offered directly by the company at par and interest. Not underwritten. Proceeds for additional working capital. Filed Sept. 27, 1944. Details in "Chronicle," Oct. 5, 1944.

MOORE WINDSOR CORP. has filed a registration statement for 100,000 shares of 12½ cent cumulative dividend and participating preferred stock, par $1 per share. The net proceeds of approximately $200,000 will be used for working capital and expansion of the company's business. W. H. Cobb & Co., Inc., New York, is named principal underwriter. Offering price to the public $2.50 per share. Filed Nov. 10, 1944. Details in "Chronicle," Nov. 16, 1944.

NATIONAL PRESSURE COOKER CO. has filed a registration statement for 150,000 shares of common stock (par $2). The stock will be offered to common stockholders of record on Jan. 25, 1945, in the ratio of one and one-half shares for each share of stock held. The subscription rights expire Feb. 25. Proceeds will be added to working capital. Filed Dec. 19, 1944. Details in "Chronicle," Dec. 28, 1944.

OHIO WATER SERVICE CO. has filed a registration statement for 80,880 shares of common stock, par $10. The shares are now outstanding and are being sold by Federal Water & Gas Corp. The shares registered constituting approximately 56.53% of the outstanding stock of the company, are owned by Federal Water & Gas Corp. which will receive the entire proceeds from the sale. On Feb. 10, 1943, the Securities and Exchange Commission ordered Federal to divest itself of its interest in Ohio, and Ohio stated in its registration statement it is informed that Federal is selling the stock in order to comply with that order. Otis & Co. are principal underwriters. Filed Dec. 7, 1944. Details in "Chronicle," Dec. 14, 1944.

THE OLD STAR DISTILLING CORP. has filed a registration statement for 5,000 shares of $100 preferred stock, non-cumulative and non-participating. Price to public will be $110 per share; proceeds to company $100. Proceds will be used for construction of distillery, $250,000; working capital, $250,000. No underwriter named. Filed Aug. 14, 1944. Details in "Chronicle," Aug. 24, 1944.

SOUTH CAROLINA POWER CO. has filed a registration statement for $8,000,000 first and refunding mortgage bonds series due 1975. The bonds will be offered for sale under the Commision's competitive bidding rule. Net proceeds, together with the proceeds of bank loans aggregating $2,400,000 and $140,000 of funds on deposit with trustees will be used to reimbure the company for funds deposited for redemption on Jan. 1, 1945, of $641,500 Georgia-Carolina Power Co. first mortgage 5% bonds, for redemption on July 1, 1945, of $3,959,999 South Carolina Power Co. first lien and refunding mortgage gold bonds, for acquisition from Commonwealth & Southern Corp. and retirement of $3,411,000 South Carolina first lien 5s at Commonwealth's cost or $2,855,562, and for redemption of 23,023 shares of South Carolina $6 preferred stock. Total amount required, including premiums on bonds and preferred stock in the hands of public is $10,107,765. Filed Dec. 22, 1944. Details in "Chronicle," Jan. 4, 1945.

TIDE WATER POWER CO. has filed a registration statement for $4,500,000 first mortgage bonds series due Nov. 1, 1975, and $1,000,000 sinking fund debentures, due 1955 are to be offered for sale at competitive bidding as per amendment filed Dec. 9, 1944. Details of original filing in "Chronicle," Oct. 12, 1944.

Public invitation for bids for the purchase of $4,500,000 1st mtge. bonds series due 1975 and $1,000,000 sinking fund debentures due 1955 (interest rates to be specified in the bids) will be received up to 12 noon EWT Jan. 15 at room A 7th floor, 165 Broadway, New York.

The Business Man's Bookshelf

Business Leadership in the Large Corporation—R. A. Gordon—The Brookings Institution, Washington 6, D. C.—cloth—$3.00.

Democracy Under Pressure (Special Interests vs. the Public Welfare)—Stuart Chase—Twentieth Century Fund, 330 West 42nd Street, New York City—cloth—$1 ($5 for the series of six books on "When the War Ends," of which this is No. 4)—publication date Jan. 15, 1945.

Guide for Personal Income Tax—Peter Guy Evans and J. Stanley Halperin—paper—25c.

Notes on Utilities—Post-War—John C. Parker—Post-War Planning Committee, Commerce & Industry Ass'n of New York, Inc., 233 Broadway, New York 7, N. Y.—paper.

Railroads at War—S. Kip Farrington Jr.—Coward McCann, Inc., New York City—profusely illustrated—cloth—$4.

South American Handbook, The—(21st annual edition)—Trade & Travel Publications, Ltd., 14 Leadenhall Street, London, E. C. 3, England—New York agents, H. W. Wilson Co., 950 University Ave., New York 52, and Thos. Cook & Son, Inc., 487 Fifth Ave., New York 17—fabrikoid—$1.25.

Surface Carrier Participation in Air Transportation—William L. Grossman—New York University, School of Commerce, Accounts and Finance, Washington Square, New York—paper—$1.

Extend Mail In Italy

Postmaster Albert Goldman announced on Dec. 19 that information has been received from the Post Office Department at Washington that effective Wednesday, December 20, letters would be accepted for mailing to five additional provinces and two other areas in Italy. The provinces are Ancona, Arezzo, Livorno (Leghorn), Perugia and Siena. Service will also be extended to the cities of Firenze (Florence) and Pisa, together with those portions of the provinces of Firenze and Pisa south of the Arno River. The advices added:

"Mail for the places mentioned is subject to the same restrictions governing corresponce to other places in Italy to which mail service has been previously resumed. The weight limit for letters and letter-packets is two pounds, three ounces and the contents are restricted to personal or business communications which are not transactional in character. No merchandise of any kind may be sent. The service for parcel post packages containing merchandise is restricted to those addressed for delivery in Rome City, Naples City, Palermo City and Vatican City State. Registry service will be available. When facilities are re-established for the transmission of personal support remittances to individuals in these provinces and areas, the Treasury Department and War Department will make appropriate announcements."

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"Our Reporter on Governments"

By JOHN T. CHIPPENDALE, JR.

The New Year investment demand was very much in evidence in the government bond market last week, as the whole list moved up, with several issues again making new highs. . . . The continued increase in savings deposits, resulted in the Savings banks being in the market in an important way, with sizeable commitments being reported by these institutions in the 2¼% due 9/15/56/59 and the long 2½'s all of which registered new tops for the period. . . .

It was also learned that commercial banks with time deposits, were substantial purchasers of the 2½% due 1967/72, and this issue likewise went into new high ground. . . .

The partially exempt obligations were very well taken with practically all issues of this group on the plus side. New highs were made in the long and intermediate terms with the 2½% due 9/15/50/52, the 2¾% due 6/15/51/54 and the 2¼% due 12/15/51/53 showing the largest gains for the week. . . . The decision of the United States Supreme Court, upholding the tax exemption of the New York Port Authority obligations, undoubtedly had a favorable effect on the partially exempt government securities. . . .

TAXABLE 2s ADVANCE

The 2% group of taxable bonds advanced during the week with heavy trading being reported in the new 2% due 12/15/52/54, which closed the week at 100.13/32 bid, a rather substantial move since they were issued at par during the Sixth War Loan. . . . In fact some of the portfolio managers and dealers feel that this issue has gone ahead a bit too fast and believe that other issues in the 2% group are more attractive at present levels. . . .

The 2% due 9/15/50/52 at 101.9/32, the 2% due 9/15/51/53 at 100.27/32 and the 2% due 6/15/52/54 at 100.18/32 it was pointed out, appear to offer better appreciation possibilities, since these issues have not advanced as much as they should, when compared with the rise that has taken place in the 2% due 12/15/52/54.

One of the large Government bond dealers, near the end of last year issued a study of nine comparable issues of taxable 2% bonds from which commercial banks and others can select maturities for particular needs. . . . The following table gives a one-year projection for each of these issues, based on the assumption that interest rates will remain unchanged for the period:

Issue—	Present Yield %	Present Price	Projected Yield %	One Year Price	Change in 32nds
March 2% 1950-48	1.39	101.29	1.23	101.21*	— 7*
June 2% 1951-49	1.59	101.24*	1.43	101.29*	+ 5
September 2% 1951-49	1.62	101.22	1.47	101.29	+ 7
December 2% 1951-49	1.66	101.19	1.50	101.29*	+10*
March 2% 1952-50	1.70	101.16	1.55	101.26*	+10*
September 2% 1952-50	1.77	101.8	1.63	101.21*	+13*
September 2% 1953-51	1.88	100.24	1.76	101.9 *	+17*
June 2% 1954-52	1.93	100.14*	1.85	100.29	+14*
December 2% 1954-52	1.96	100.10	1.90	100.21	+11

*Plus 1-64th.

Since this compilation was made prices of some of these issues have advanced from 1/32 to 4/32, however this does not change the purpose for which the study was made. . . .

SIXTH WAR LOAN RECORD HIGH

Secretary of the Treasury Morgenthau announced last week that total subscriptions to the Sixth War Loan were 54% in excess of the 14 billion dollar quota, with sales amounting to $21,621,000,000. . . . This figure is a new record for the war financing and was nearly one billion dollars in excess of the $20,639,000,000 obtained in the Fifth War Loan, the previous high mark. . . . Subscriptions by individuals aggregated $5,900,000,000 compared with the figure of $5 billions set by the Treasury. . . . Sales of Series "E" savings bonds exceeded the $2,500,000,000 quota by 15% with purchases totalling $2,868,000,000. . . .

The total amount of money raised in the Sixth War Loan was probably in excess of $23,000,000,000 since it is indicated that the reported figure of $21,621,000,000 does not include subscriptions by Treasury investment accounts or the commercial banks. . . .

It has been estimated that commercial bank subscriptions to the Sixth War Loan amounted to about one billion dollars. . . .

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Although no figures are available on Treasury investment accounts purchases, it is believed that they were at least equal to those made during the Fifth War Loan when they amounted to $593,000,000. . . . Based on available figures and estimates it is indicated that final results of the Sixth War Loan will be somewhat as follows:

Total subscriptions (exclusive of purchases by commercial banks and Treasury	$21,621,000,000
Commercial banks purchases (estimated)	1,000,000,000
Treasury investment account purchases (est.)	600,000,000
Total amount probably realized during Sixth War Loan	$23,221,000,000

BANK HOLDINGS UP $9 BILLION

The Federal Reserve Bank of New York estimates that for the banking system as a whole, including Federal Reserve Banks as well as all member and non-member commercial banks, the expansion in holdings of Government securities and in loans on such securities in connection with the Sixth War Loan aggregated more than 9 billion dollars. . . . These figures indicate that Federal and the commercial banks were very important in the last war loan.

The purchases by these institutions of Government securities together with the extension of credit to finance the purchase of Government obligations was equivalent to almost 40% of all of the funds raised during the drive.

Likewise it was 1½ times larger than individual bond purchases and more than three times subscriptions to the Series "E" savings bonds. . . . With public debt expanding at a rate of upwards of $50 billions yearly and additional war loans necessary with the prolongation of the war, more money must be raised from corporations and individuals and not indirectly in large part from the banks, if we are to avoid an inflationary expansion of bank deposits. . . . This will require in particular the sale of much larger amounts of Treasury securities to individual investors who are putting only a fraction of their new savings in Government obligations. . . .

Accordingly it is reported that recommendations have been made that a reconsideration both of the terms of the various issues offered in the War Loan drives and of the selling methods used, be made, so that a larger percentage of the War Loans will be sold to individual investors, who will use cash resources to pay for them. . . .

This will mean that less money will be obtained by selling outstanding securities to the banks or by borrowing.

Kuhn, Loeb & Co. Offers Pennsylvania RR Bonds

The Pennsylvania RR. on Jan. 9 awarded an issue of $51,782,000 general mortgage 3⅛% bonds, series F, due on Jan. 1, 1985, to Kuhn, Loeb & Co. and associates on their bid of 100.609. The banking group immediately reoffered the bonds at 101.68 and accrued interest. The award is subject to the approval of the Interstate Commerce Commission.

The railroad received two other bids for the bonds. Halsey Stuart & Co., Inc., bid 99.5799 with bonds having a 3⅛% coupon, and the Equitable Life Assurance Society, 99.675 for a similar interest rate.

Associated with Kuhn, Loeb & Co. are Blyth & Co., Inc.; The First Boston Corp., Goldman Sachs & Co.; Harriman Ripley & Co., Inc.; Kidder, Peabody & Co., Lazard Freres & Co.; Salomon Bros. & Hutzler, Stone & Webster and Blodget, Inc.; Union Securities Corp., A. G. Becker & Co., Inc.; Drexel & Co., Eastman, Dillon & Co.; Hallgarten & Co., Hemphill, Noyes & Co.; Hornblower & Weeks, W. E. Hutton & Co., Lee Higginson Corp., Merrill Lynch, Pierce, Fenner & Beane, F. S. Moseley & Co., Paine, Webber, Jackson & Curtis; R. W. Pressprich & Co., E. H. Rollins & Sons, Inc., and White, Weld & Co.

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The proceeds to be received by the company from the sale of the bonds, together with company funds, will be applied to the redemption on April 1, next, of $60,000,000 of 40-year 4½% debentures now outstanding. In addition to the bonds awarded to the banking group, $8,218,000 of the same series have been issued to replace bonds in a similar amount, held by various companies in the Pennsylvania System.

The new bonds will be redeemable at 105 in whole or in part in amounts of not less than $1,000,000 on 45 days' notice from Jan. 1, 1946, through Jan. 1, 1958, and thereafter at prices ranging down to par after Jan. 1, 1983.

Attractive Rail Issue

Common and preferred stock of Terminal Central Railway offer attractive possibilities according to a circular issued by Adams & Peck, 63 Wall Street, New York City. Copies of this interesting circular may be had from Adams & Peck upon request.

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Reg. U. S. Pat. Office

Volume 161 Number 4350 New York, N. Y., Thursday, January 11, 1945 Price 60 Cents a Copy

The Financial Situation

Those sections of the President's annual message on the State of the Union which have to do with the conduct of the war, and with the problems which immediately confront the nation and the world, will, we imagine, absorb most of the attention of the public. Certainly there is enough in these to warrant some very careful study. In those sentences which set forth the situation as it bears upon the production needs back here at home and the nature of the manpower situation there is much to supply the background for such drastic steps as those which have been taken by various officials within the past week or two.

"Complacency" in Washington

It is very definitely to the credit of the President that he does not, as many of his associates and subordinates have repeatedly done, either directly or by implication hold selfishness, indifference or "complacency" on the part of the public responsible for the situation as it stands today. It is all too clearly a result of miscalculation and faulty judgment on the part of many of the leaders of the land—not of the rank and file, and most certainly not of the industrial leaders who naturally take their cue in such matters from those in authority. Unfortunate it is in the extreme that experience should even raise the question as to whether the President's account of the existing state of affairs is afflicted with the common present-day Washington ailment of telling the people not so much what is true as what it is thought they should believe.

The state of affairs as regards manpower even as the

(Continued on page 187)

Dewey Urges Increase of State's Post-War Fund to $310,000,000

New York Executive, in Annual Message to State Legislature, Urges That This Year's Expected Surplus of $150,000,000 Be Added to $160,000,000 Now Earmarked for War-Deferred Projects and Improvements. Also Calls for Continuance of 25% Reduction in Personal Income Tax; an $800,000,000 State Highway and Parkway Program "in the Coming Years"; State Development of the St. Lawrence Seaway and Power Project; Adoption by the State of the Merit Rating System in Connection With Unemployment Insurance Taxes Paid by Employers and Legislation Providing for State Control Over Commercial Rents.

Thomas E. Dewey

In his annual message to the New York State legislature on Jan. 3, Governor Thomas E. Dewey urged that all officers and officials of the government "at the very outset of this legislative session, mutually repledge ourselves that we shall continue to work together in all things needed to maintain the strength and purpose of our great State and its thirteen million people wholeheartedly and effectively in the war effort." The Governor set forth a series of recommendations designed to further improve operations of the State during the war emergency and to facilitate the smooth adjustment of the State's economy to peacetime conditions.

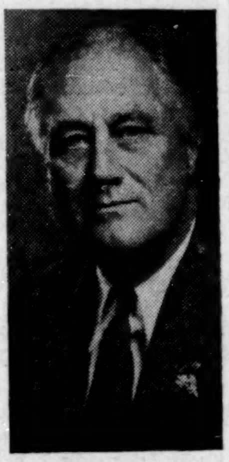
Among the Governor's recommendations was that the State's Post-War Reconstruction Fund be increased to $310,000,000 by adding this year's expected $150,000,000 surplus to the $160,000,000 presently in the fund. The purpose of this fund, the Governor noted, is to "husband the wartime savings" in order to finance war-deferred projects and improvements and to aid in the stimulation of job opportunities in peacetime for returning servicemen and displaced war workers.

Mr. Dewey also urged that the Legislature continue the 25% reduction in the State's personal income tax, although he warned

(Continued on page 187)

FDR Again Calls For Enactment Of National Service Act

In State-of-Union Message to Congress He Also Cites Need of Revision of Tax Structure to Encourage Private Enterprise. Urges Legislation to Provide for Induction of Nurses Into Armed Forces. Advocates Universal Military Training and Says 1945 Can and Must Be Beginning of Organization of World Peace



President Roosevelt

Outstanding in the annual State-of-the-Union Message of President Roosevelt presented to Congress on Jan. 6 was the renewal of his recommendation for the enactment of a National Service Law. In his message the present week the President stated that "last year, after much consideration, I recommended that the Congress adopt a National Service Act as the most efficient and democratic way of insuring full production for our war requirements. This recommendation was not adopted."

"I now again call upon the Congress," he said, "to enact this measure for the total mobilization of all our human resources for the prosecution of the war. I urge that this be done at the earliest possible moment. It is not too late in the war. The closer we come to the end of the war the more pressing becomes the need for sustained war production with which to deliver the final blow to the enemy," said the President, who added:

"There are three basic arguments for a National Service Law.

"First—It would assure that we have the right numbers of workers in the right places at the right times.

"Second—It would provide supreme proof to all our fighting men that we are giving them what they are entitled to, which is nothing less than our total effort.

"And third—It would be the final, unequivocal answer to the hopes of the Nazis and the Japanese that we may become halfhearted about this war and that they can get from us a negotiated peace.

"National service legislation would make it possible to put ourselves in a position to assure certain and speedy action in meeting our manpower needs."

Another of the recommendations in the President's message had to do with Federal taxation, as to which he said:

"Our present tax system geared primarily to war requirements must be revised for peacetime so as to encourage private demand.

"While no general revision of the tax structure can be made until the war ends on all fronts, the Congress should be prepared to provide tax modifications at the end of the war in Europe designed to encourage capital to invest in new enterprises and to provide jobs. As an integral part of this program to maintain high employment, we must, after the war is over, reduce or eliminate taxes which bear too heavily on consumption."

Preceding his remarks on this subject the President asserted that "an expanded Social Security program and adequate health and education programs must play essential roles in a program designed to support individual productivity and mass purchasing power." He went on to say that "the millions of productive jobs that a program of this nature could bring are jobs in private enterprise. They are jobs based on the expanded demand for the output of our economy for consumption and investment. Through a program of this character we can maintain a national income high enough to provide for an orderly retirement of the public debt along with reasonable tax reduction."

In commenting on the inability of getting needed nurses for the army, which he stated, "is not due to any shortage of nurses," the President stated in his message that "since volunteering has not produced the number of nurses required, I urge that the Selective Service Act be amended to provide for the induction of nurses into the armed forces. The

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From Washington Ahead of the News

By CARLISLE BARGERON

Carlisle Bargeron

The American people, even in a period of severe travail, having a notorious sense of humor, they ought to get a tremendous kick out of what is now happening in Washington and what is going to happen for the next several weeks. They are to see political pageantry at its best. We have had plenty of this pageantry in the past, laughed at other peoples who were having it, laughed at them as backward people, and stuck our noses pretty high in the air. But now, it ought to come home to us that there really isn't much difference, and if that ever comes home there seems to be no reason why we shouldn't work out this great superstate which learned men talk about.

We recall very vividly that Mussolini went into Ethiopia, we believe, in 1936. Anyway he went in there. The explanation of our Government and our editors at the time was that this was nothing to be annoyed about. It was the way of dictators. Mussolini, we were told, was in trouble on the home front and he had to have a diversion for his people; he had to get them to thinking about something else than what was happening to them. It seemed quite logical and until this day we think it was the truth, notwithstanding that in the propaganda of later years, we are being told that that was just a try-out for the Second World War.

Well, anyhow, our incumbent Government is in an awful fix. Notwithstanding that the issue in the campaign was that FD had to be reelected because he could get along with Churchill and Stalin, he doesn't seem to be getting along with either of them. Aside from that, things are not going well on the Western front. During the Fourth Term Presidential campaign, there was a tremendous suspense. The Republican politicos told themselves frankly and their fellows, that it looked as though FD was going to pull a victory on the European front out of the hat, to confound them. Instead of pulling the victory out

(Continued on page 195)

The State of Trade

The pessimism that has accompanied the ushering in of the New Year makes one ponder events that are now behind us and seek a full explanation in our own minds for the decidedly unfavorable turn in the course of the European war.

Before the election the American people were led to believe that the war on all fronts was progressing well and that a few short months would bring to a close the campaign in Europe. Cutbacks and termination of war contracts were growing in pace and the question of post-war employment to the tune of 60,000,000 jobs was made a very effective Administration issue in the presidential campaign.

Reports emanating from Detroit and other large industrial centers with recurring frequency told of plans for a speedy reconversion of industry to peace-time production and a better world ahead as a result of the great progress made by science and industry in behalf of our war effort. An interchange of thoughts and ideas on international aviation, foreign trade and kindred economic matters in relation to post-war planning were also taking place. Draft calls and manpower problems had arrived at a low point. In the case of the former, quotas were being set up merely to furnish replacements for the armed forces, and as for manpower, the need thereof was heard only in isolated instances.

Today the people of America are aware of the delusion under which they labored and wonder why the whole truth was kept from them. For an answer they need only hearken back to the period that followed our formal entrance into the war after the incident at Pearl Harbor on Dec. 7, 1941.

Those years were years of great uncertainty and confusion. Unnecessary confusion and blundering on the part of our Government in the prosecution of the conflict and the adaptation of the home front to a war-time economy. The powers vested in the President by congressional consent to expedite and clarify governmental policies and attain maximum production for war only seemed to complicate matters more, leaving the citizen in a quandary as to how best to serve his country and safeguard insofar as possible his personal interests. Left in the hands of the bureaucrats alone, our great industrial achievement would have been an unaccomplished fact.

In that period the draft problem was a constant source of annoyance both to the men concerned and business and industry as well. Day by day directives from Selective Service promulgating new regulations only to countermand them in short order, left both employer and employee in such a confused state that neither could tell from one day to another what their status was. The net result to business and industry was inefficiency, and to the Government, excessive production costs subsequently handed on to the taxpayers.

From the evidence at hand in the nature of a National Service Act, requested by the President in his annual message, the American people, if the Administration has its way, are in for a greater dose of Government regulation and regimentation in the not distant future. The difficulty encountered in prosecuting the German war to a victorious completion is the reason given for such a step. The delusion of the people as to the real truth concerning the enormity of the war in Europe has been exploded even at the expense of a rigid censorship of the news heretofore imposed upon them.

Should a National Service Act be put into effect the ramifications of such a measure would indeed be far-reaching and its total effect upon our home economy detrimental.

The need at this time for such legislation is questionable, since only last month A. J. Krug, Chairman of the War Production Board, told a congressional committee that it was "too late" for a national service law. At present the Government's payroll continues to reflect an increase at the rate of about 7,000 a month to meet the needs of steadily expanding administrative staffs as new areas are liberated. The Byrd Committee insists an arbitrary reduction of 500,000 in Government civilian personnel would more than meet all manpower shoratges in industry. To show the unusual growth in Federal payrolls, the Civil Service Commission reports total non-military personnel in Federal agencies at 3,571,709, an increase of 2,500,000 since the defense and rearmament program was launched in June, 1940.

It would appear from the foregoing figures that the needs of industry could adequately be met by a paring down of over-staffed Federal departments, as Senator Byrd suggests, without resorting to a compulsory work law.

Now that the American people are cognizant of the military situation and the need for greater effort on the home front in bringing the war to an end, they can take the bitter with the sweet and be depended upon to measure up to the task that lies ahead of them.

Steel Industry—The steel industry last week felt the full effects of an overall pressure stemming from the now general belief that the war in Europe might take much longer to finish. New bookings and heavy steel production in the week continued to bear out such a viewpoint, states "The Iron Age" in its Jan. 4 issue.

Despite the holidays, steel orders rose sharply again last week, with forge shops and structural steel fabricators acquiring comfortable backlogs even though the latter had run out of landing craft contracts.

Steel deliveries have lengthened considerably in the past 30 days, the magazine points out, particularly on narrow gage and highly flat rolled products and carbon bars, reflecting heavy pressure of CMP orders and WPB delivery directives. Strip mill size sheets in many cases are now promised for June delivery and galvanized sheets extended from June to August. In the case of tin plate shipments formerly available in February, some producers are now promising April delivery. Cold rolled sheets have been extended to May from March; hot rolled sheets to May and August from March; carbon bars to June and July from March and April; some sheared plates to June from April; wider sheared plates unchanged to March, and universal plates remaining unchanged from March promises in most cases. Narrow and wide strip were still being promised for May delivery.

The first steps taken recently to relieve, in part, the tight delivery situation has been to cutback first quarter tin plate directives to 1944 fourth quarter levels after they had been raised, the magaine reports. Released mill space will go partially into galvanied sheets and possibly, in some cases, into rails.

Concern is being shown by steel mills that rapid increases and production directives for war programs will extend carryovers. The carryover situation at present centers in sheets and shell steel rather than in plates, which were the most delayed item previously.

Warehouses in some areas have been soliciting support from their customers in a new effort to impress WPB with their importance to essential industry, "The Iron Age" discloses. Should some orders be forced off mill books or delayed by production directives for munition steel requirements, customers will have to turn to warehouses and excess stocks to maintain their material purchases.

New inquiries for 3,500 freight cars, most of them 50-ton box cars and many of them high strength steel, have been received during the past week.

The Transportation Equipment Division of WPB has authorized construction of 500 40-ton box cars and 400 50-ton box cars in July; 100 50-ton pulpwood cars in June; 750 40-ton box cars in August-September, and 250 40-ton gondolas; 100 20-ton flats, and 20 20-ton box cars in September. Authoriation has been granted to build four dining cars in September and one locomotive works reports a substantial reduction in its Army locomotive program following recent cancellations.

The American Iron and Steel Institute announced last Tuesday that the operating rate of steel companies (including 94% of the industry) will be 93% of capacity for the week beginning Jan. 8, compared with 95.8% one week ago. The decline reflects the shutdown of some facilities for repairs. This week's operating rate is equivalent to 1,677,500 net tons of steel ingots and castings, compared with 1,728,100 net tons last week and 1,731,300 tons one year ago.

Electric Production — The Edison Electric Institute reports that the output of electricity increased to approximately 4,225,814,000 kwh. in the week ended Dec. 30 from 4,616,975,000 kwh. in the preceding week. Because the same week last year contained the Christmas holiday, no percentage comparisons are available. Output in the 1943 weekly period reached 4,337,387,000 kwh. and 3,779,993,000 kwh. for the same period in 1942.

Consolidated Edison Co. of New York reports system output of 186,700,000 kwh. in the week ended Dec. 31, 1944, comparing with 219,400,000 kwh. for the corresponding week of 1943, or a decrease of 14.9%.

Local distribution of electricity amounted to 174,900,000 kwh., compared with 208,700,000 kwh. for the corresponding week of last year, a decrease of 16.2%.

Railroad Earnings in November Class I railroads of the United States in November, 1944, had an estimated net income, after interest and rentals, of $63,900,000, compared with $63,347,988 in November, 1943, according to the Bureau of Railway Economics of the Association of American Railroads. In the first 11 months of 1944 estimated net income, after interest and rentals, totaled $627,-000,000, compared with $838,877,-492 in the corresponding period of 1943.

Net railway operating income, before interest and rentals, in November amounted to $91,578,-941, compared with a total of $94,179,007 in November, 1943. (November is the 18th consecutive month in which the net earnings of the carriers has shown a decline.) In the first 11 months of this year net railway operating income of the carriers, before interest and rentals, totaled $1,035,-410,270, compared with $1,290,-046,349 in the same period of 1943.

In the 12 months ended Nov. 30, 1944, the rate of return on property investment averaged 4.02%, compared with 5.42% for the same period in 1943.

Operating revenues for November totaled $780,672,489, compared with $761,993,806 in November, 1943, while operating expenses totaled $524,449,672, as against $502,191,518 in the same month of 1943. Total operating revenues in the first 11 months of 1944 totaled $8,679,932,149, compared with $8,272,347,276 in the same period of 1943, or an increase of 4.93%, while operating expenses in the same period amounted to $5,726,193,980, compared with $5,-057,982,983 in the corresponding period of 1943, or an increase of 13.21%.

Taxes paid in the first 11 months of 1944 totaled $1,732,-631,860, compared with $1,749,-594,542 in the same period of 1943. For the month of November alone, the tax bill of the carriers amounted to $147,214,549, a decrease of $3,512,554, or 2.33% under November, 1943.

Railroad Freight Loading—Carloadings of revenue freight for the week ended Dec. 30 totaled 584,757 cars, the Association of American Railroads announced. This wsa a decrease of 177,692 cars, or 23.3% below the preceding week this year and 58,687 cars, or 9.1% below the corresponding week of 1943. Compared with a similar period in 1942, a decrease of 36,416 cars, or 5.9%, is shown.

The current week included the Christmas holiday, while the 1943 and 1942 weeks included the New Year's holiday.

For the year 1944 loadings of revenue freight on the railroads of the United States totaled 43,-441,266 cars, according to complete reports of the Association. This was an increase of 1,001,315 cars, or 2.4% above the preceding year.

Coal Production—The U. S. Bureau of Mines reports production of Pennsylvania anthracite for the week ended Dec. 30, 1944, at 784,000 tons, a decrease of 344,000 tons (30.5%) from the preceding week, and 112,000 tons, or 12.5% below the corresponding week of 1943. For the 1944 calendar year to date, estimated production amounted to 64,445,000 tons, or an increase of 6.3% when compared with corresponding period of 1943.

The report of the Solid Fuels Administration placed bituminous production for the week ended Dec. 30 at 8,310,000 net tons, a decrease of 2,570,000 tons under the previous week. No coal was produced on Chistmas Day. Production in the corresponding week of last year amounted to 10,515,000 net tons, while output for Jan. 1 to Dec. 30, 1944, was estimated at 620,000,000 net tons, an increase of 29,823,000 tons, or 5.1% over the 590,177,000 tons mined in the same 1943 period.

Estimated production of beehive coke in the United States for the week ended Dec. 30, 1944, as reported by the same source, showed a decrease of 6,100 tons when compared with the output for the week before and 51,300 tons less than for the corresponding week of 1943.

Crude Oil Production — Daily average gross crude oil production for the week ended Dec. 30, as estimated by the American Petroleum Institute, was 4,705,900 barrels. This represented a decrease of 23,200 barrels per day over the preceding week, and 16,200 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of December, 1944. When compared with the corresponding week last year, crude oil production was 348,600 barrels per day higher. For the four weeks ended Dec. 30, 1944, daily output averaged 4,708,750 barrels.

Reports from refining companies indicate that the industry as a whole ran to stills (on a Bureau of Mines basis) approximately 4,798,000 barrels of crude oil daily and produced 15,342,000 barrels of gasoline. Kerosene output totaled 1,518,000 barrels, with distillate fuel oil placed at 4,257,-[illegible]00 barrels and residual fuel oil at 9,156,000 barrels during the week ended Dec. 30, 1944. Storage supplies at the week-end totaled 86,614,000 barrels of gasoline, 11,296,000 barrels of kerosene, 39,495,000 barrels of distillate fuel and 57,430,000 barrels of residual fuel oil.

Silver—As of Jan. 2, 1945, the London bullion market revised its basis for quoting on silver to conform with that of the New York market. London will quote silver on the basis of the troy ounce .999 fine, also known in the silver market as the fine ounce. Up to and including Dec. 29, London silver was quoted on the basis of the standard troy ounce .925 fine. The change was made to facilitate trading in the metal. Direct price comparison is now possible. Effective Jan. 2, 1945, London silver was quoted at 25½d. per troy ounce .999 fine, equivalent to 23½d. per standard ounce troy .925 fine. The New York Official for foreign silver continued at 44¾ cents, with domestic silver at 70⅝ cents per troy ounce .999 fine.

Business Failures—Although the work week was shortened by the Christmas holiday, commercial and industrial failures took an upturn in the week ended Dec. 28, jumping from 15 in the previous week to 22, Dun & Bradstreet, Inc., reports. Concerns failing with liabilities of $5,000 or more rose from nine a week ago to 14, equaling their number in the corresponding week of last year. Small failures showed an incresae also, but were below the number of the prior year. No failures were reported in Canada, as compared with one both in the previous week and a year ago.

Retail and Wholesale Trade—Retail volume on a country-wide basis in all mercantile lines dropped considerably during the past week. The principal causes were unfavorable shopping weather in certain sections of the country and the usual year-end tapering off of consumer buying, Dun & Bradstreet, Inc., reports. Post-holiday buying by consumers in search of special items and by others checked the decline to the extent that sales volume held above the levels of a year ago.

Furniture lines experienced the largest drop in sales, transactions being practically negligible. The volume in house furnishings such as floor covering, drapery and upholstery suffered from shortages, while sales of grocery and liquor lines continued large. For liquor alone the volume for the holiday season was the highest on record in many localities. Increased buying of canned goods, it was reported, helped to stimulate grocery volume last week. Scattered clearance sales were held by many of the smaller stores and some department stores in the mercantile lines, especially house furnishings and women's wear, during the week. Evening gowns, sportswear, coats, lingerie, jewelry and handbags moved especially well. Millinery was in fair demand, and some resort wear, such as slack suits, short sets and other play clothes attracted interest. Moderate gains over last year were reported by men's clothing stores, with suits, furnishings and hats selling well.

Despite blizzard weather in many parts of the country, sales volume for the nation last week was estimated 4% to 8% above a year ago. Regional percentage increases were. New England, 2 to 6; East, 4 to 8; Middle West, 1 to 4; Northwest, 0 to 5; South, 5 to 9; Southwest, 9 to 14, and the Pacific Coast, 8 to 12.

The Financial Situation

(Continued from first page)

President portrays it does not, in our judgment, warrant the coercive legislation which the President again insists upon. What is more, it may be seriously questioned if such legislation could be made effective —certainly not when officialdom and the political leaders of the country give the impression quite common until a very few weeks ago about the progress of the war in Europe. The President's commendable refusal to indulge in a general excoriation of the rank and file should have been followed by its natural result of declining to appeal for further coercive legislation which is not needed and which is dangerous even in war time.

Post-War Revolution

But be all this as it may, we earnestly hope that certain passages of the President's message which have to do with post-war plans do not escape attention. In their way they appear much more disturbing than what the President had to say about the war and related matters. After all, it is for a future satisfactory to us that this war is being fought. For our part, we do not believe that any future will be satisfactory to us which rests upon foundations as alien to our traditions and to our basic ideas of life as those either plainly expressed or definitely implied in the President's brief discussion of his post-war plans. The Chief Executive announces that later special mesages will further elucidate his position. We certainly hope that these documents will not keep the promises implicit in what the President now has to say on the subject.

Feeling strongly that they must not be permitted to escape attention, a number of paragraphs from the President's State of the Union message are herewith presented at some length:

> We have had full employment during the war. We have had it because the Government has been ready to buy all the materials of war which the country could produce—and this has amounted to approximately half our present productive capacity.
>
> After the war we must maintain full employment, with Government performing its peacetime functions. This means that we must achieve a level of demand and purchasing power by private consumers—farmers, business men, workers, professional men, housewives—which is sufficiently high to replace wartime Government demands; and it means also that we must greatly increase our export trade above the pre-war level.
>
> Our policy is, of course, to rely as much as possible on private enterprise to provide jobs. But the American people will not accept mass unemployment or mere makeshift work. There will be need for the work of everyone willing and able to work—and that means close to 60,000,000 jobs.
>
> Full employment means not only jobs, but productive jobs. Americans do not regard jobs that pay substandard wages are productive jobs.
>
> We must make sure that private enterprise works as it is supposed to work—on the basis of initiative and vigorous competition, without the stifling presence of monopolies and cartels.
>
> During the war we have guaranteed investment in enterprise essential to the war effort. We should also take appropriate measures in peacetime to secure opportunities for new small enterprises and for productive business expansion for which finance would otherwise be unavailable.
>
> This necessary expansion of our peacetime productive capacity will require new facilities, new plants and new equipment.
>
> It will require large outlays of money which should be raised through normal investment channels. But while private capital should finance this expansion program, the Government should recognize its responsibility for sharing part of any special or abnormal risk of loss atached to such financing.
>
> Our full-employment program requires the extensive development of our natural resources and other useful public works. The undeveloped resources of this continent are still vast. Our river-watershed projects will add new and fertile territories to the United States. The TVA, which was constructed at a cost of $750,000,000 — the cost of waging this war for less than four days—was a bargain. We have similar opportunities in our other great river basins. By harnessing the resources of these river basins, as we have in the Tennessee Valley, we shall provide the same kind of stimulus to enterprise as was provided by the Louisiana Purchase and the new discoveries in the West during the Nineteenth Century.
>
> If we are to avail ourselves fully of the benefits of civil aviation and if we are to use the automobiles we can produce, it will be necessary to construct thousands of airports and to overhaul our entire national highway system.
>
> The provision of a decent home for every family is a national necessity if this country is to be worthy of its greatness—and that task will itself create great employment opportunities. Most of our cities need extensive rebuilding. Much of our farm plant is in a state of disrepair. To make a frontal attack on the problems of housing and urban reconstruction will require thoroughgoing cooperation between industry and labor, and the Federal, State and local governments.
>
> An expanded Social Security program and adequate health and education programs must play essential roles in a program designed to support individual productivity and mass purchasing power. I shall communicate further with the Congress on these subjects at a later date.
>
> The millions of productive jobs that a program of this nature could bring are jobs in private enterprise. They are jobs based on the expanded demand for the output of our economy for consumption and investment. Through a program of this character we can maintain a national income high enough to provide for an orderly retirement of the public debt along with reasonable tax reduction.

About two years ago, the American public began to take notice of the revolutionary thought and proposals of the National Resources Planning Board. So utterly destructive of almost everything that had been regarded as typically American were these suggested programs and the philosophy behind them that many people became definitely alarmed. The more they were studied the more disturbing they became. Finally, the situation reached the point where Congress, despite the most vigorous efforts of the President, simply refused to grant this grandiose organization further funds, and it died an inglorious death. Those who were familiar with President Roosevelt and his habits believed at the time that more would be heard on the subject—though quite probably in a form not too easily recognized.

We have. In all but phraseology the paragraphs quoted above have been for the most part lifted from the reports of the National Resources Planning Board.

Dewey Urges Increase of State's Post-War Fund to $310,000,000

(Continued from first page)

that it would be unwise, "in the existing war-time conditions of full employment and increased incomes, to undertake a further further general tax reduction." In support of this policy he noted that as a result of the recent Federal ban on horse-racing, New York State "stands to lose at least $27 million of revenues in the coming fiscal year."

Other highlights of the Governor's message included an $800,000,000 program of highways and parkways and grade crossing eliminations "in the coming years"; State development of the St. Lawrence Seaway and Power project on a self liquidating basis, "in co-operation with the Dominion of Canada and the Province of Ontario"; pay increases for State employees, including members of the legislative bodies; and adoption by the State of the merit rating system with respect to payment of unemployment insurance taxes by employers. In connection with the latter subject, the Governor observed that more than three-quarters of the States grant "different rates of contribution to different types of employers" and that in these States the tax "is varied so as to reward the maintenance of stable employment levels."

Governor Dewey's message, in full text, as contained in the "Herald Tribune" of Jan. 4, is as follows:

To the members of the Legislature of the State of New York:

For the fourth successive year your honorable bodies meet to consider the legislative needs of our State at a time when our country is engaged in a desperate war. Today we have come to one of the gravest hours of that war. A decisive battle is being fought on the fields of Europe. Its outcome will determine whether victory in Europe is to come quickly or to be deferred. Inevitably, many of the decisions that we here are called upon to make will be governed by the outcome of the great battle now being fought.

All of us, whatever branch of the State government we serve and whatever our political affiliations, have been united in our determination that the war effort should come ahead of everything else. Let us, then, at the very outset of this legislative session, mutually re-pledge ourselves that we shall continue to work together in all things needed to maintain the strength and purpose of our great State and its thirteen million people wholeheartedly and effectively in the war effort.

As citizens of this free republic we all bear equally the challenge to win this war and a permanent peace. As citizens within our respective States and our own communities we bear particularly the challenge to maintain progressive government close to the people whom government exists to serve.

It will be a temptation to wait to see what Washington does and to expect the Federal government to carry many old and new services that can better be furnished at home. This would be the easy way, but it is one of those easy ways that saps local responsibility and initiative and leads to danger to free government. I propose that we take the harder way and meet our responsibilities foursquare. Only by meeting every challenge boldly can we preserve free government close to the people. Only by making State government effective and responsible can we preserve representative government at home against those who would undermine it everywhere.

STATE FINANCES

Post-War Reconstruction Fund

The financial position of the State continues to be most fortunate. To avoid the slightest interference with the national war effort in the use of man power and materials the State has deferred many normal purchases, repairs, replacements and new undertakings. At the same time revenues have continued at a high rate, while the careful management of State funds has been intensively maintained. As a result, I am happy to advise you that our surplus this year will approximate $150 million.

Last year, upon my recommendation, your honorable bodies created the Post-War Reconstruction Fund. The purpose of this fund was to husband the wartime savings of the State in order that they might be available at the proper time to meet the State's deferred reconstruction needs and to aid in the stimulation of job opportunities after the war for the men returning from our armed forces and for our war workers.

This fund now amounts to more than $160 million. I recommend that this year's surplus be transferred to the reconstruction fund, thereby increasing that fund to approximately $310 million.

This reconstruction fund puts our State in a position to plan confidently for the future. Whatever difficulties may accompany the transition from war-time to peace-time employment we shall be able to meet them in a helpful and constructive way for the benefit of the State as a whole and of all our people.

The long depression years have left our State with many acute unfilled needs. It is my hope that by sound, active planning now we shall be able to meet these needs, at the same time keeping the State on a sound financial basis and rendering important assistance to the maintenance of the preeminent position of New York State in the nation and the employment and welfare of our people during the uncertain times ahead.

ESSENTIAL POST-WAR BUILDING PROGRAM

The construction needed to maintain the transportation, health, correctional, housing and other essential services of the State is large but commensurate with the size and important future position of our State in the nation.

Highways

A large proportion of the food and manufactured products of our State are transported on the State highway system. In addition, the parkways, highways, thruways and expressways of the State provide basic relaxation to most of our people as well as to vacationers who come here from every State in the Union, contributing to a busisess in New York State amounting in peace time to some $600 million a year.

Much of our highways system is antiquated and in no way suitable either to the business or pleasure needs of the people of the State. Of the 13,000 miles in the existing highway system a careful survey shows that one-third are in need of immediate reconstruction. The balance of the system requires an increased program of maintenance as soon as the war will permit. Almost fifteen years have elapsed since there was any real attempt to make our highways adequate for modern traffic demands.

The development of a modern highway system which can, with safety, be used at relatively high speed will be of immense value to the entire State. The Department of Public Works has prepared for the State, and is cooperating with municipalities in preparing for our cities, a minimum essential program for highways, thruways, parkways and grade-crossing elimination which in the coming years will require more than $800 million.

State Buildings

In order to improve the service of the State to its citizens we shall need a program for buildings and projects other than for the Department of Public Works involving more than $100 million. This includes the Departments of Conservation, Correction, Education, Health, and Social Welfare and the Division of Military and Naval Affairs. We must not merely overcome the lag in essential repairs and reconstruction of these facilities occasioned by the war but we must also expand them to meet the needs of the immediate future.

Mental Hygiene

A large part of the State's building program is for the Department of Mental Hygiene. At the present time our mental institutions are overcrowded by 15 per cent. In the post-war period greatly increased demands will be imposed upon these institutions.

A careful survey of the needs of the department has been made during the year and we find that there are approximately thirty buildings being used which because of their antiquity should be demolished and replaced in order to give the patients better care. The patients of the State of New York should receive the most scientific care available in both acute and chronic mental illness. The emphasis will be placed upon cure rather than custodial care.

Housing

Development of our communities so as to provide real homes in well planned neighborhoods is of paramount importance to all our people. I propose that our State, continuing to work hand in hand with our municipalities, take its rightful place of leadership in that field.

We have not had that kind of development in the past. Unsound, haphazard building and resulting relentless decay afflict too many of the localities in which we live and work. We must prevent the spread of that affliction in any post-war boom. Instead, our people should plan integrated neighborhoods with livable homes, safe streets and convenient schools, places of worship, recreational

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Dewey Urges Increase of State's Post-War Fund to $310,000,000

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facilities and shopping centers, as well as easy access to places of work.

The most willing private effort cannot succeed in effective community planning without the cooperation of public bodies, nor can it insure its execution without the protection of legal ordinance. Accordingly, the State Division of Housing has extended its aid and advice on a broad scale in general community planning and development.

The division will correlate the activities of public and private groups upon their request. It will advise and assist in determining the need for new housing and in encouraging its construction by private enterprise. This will also apply to the modernization, where it is desirable, of existing dwellings. The division will aid in the preparation of public ordinances and voluntary minimum standards essential to sound community building.

Such a community development program should attract more investors to housing and building construction. It will provide jobs for workers of varied skills, including many thousands of our returning war veterans. This will balance in some degree the effect of the closing down of our war industries.

However, private enterprise does not seem able to provide adequate housing, at rents which they can afford, for the very considerable number of our low-income families now living in slums. There is at the present moment no visible proof that it will be able to do so, but I think we may aid in extending the field of its activity.

In 1938 an amendment to our Constitution was adopted which empowered the Legislature to authorize the making of contracts for payment of subsidies by the State to bring that housing within the means of such families.

You have already authorized a total of $185 million for public housing for persons of low income. Of this a total of $135 million is to be loaned under a provision which makes it available for use only in New York City. That sum will soon be exhausted. I therefore, recommend that an additional sum of $35 million under the same provision for use in New York City be authorized.

The resulting total of $220 million of loan contracts throughout the State will require commitments for the payment of annual subsidies of more than the $5 million presently permitted by the Constitution. I, therefore, recommend that the Commissioner of Housing be authorized to enter into contracts for the payment of periodic subsidies in an additional amount of $1,250,000 annually. Such a law will require the approval of the people.

State-Aided Municipal Works

The Post-War Public Works Planning Commission has under consideration projects totaling $275 million, of which $190 million has been approved and plans actually completed on some $50 million. This State assistance of one-half of the cost of plans has aided 400 communities and permitted them to be prepared with a program of essential construction for the post-war period. Concerning the vitally important problem of financing these projects I am happy to report that the State Comptroller has stated to me that some 450 communities have already established cash reserves or balances for post-war purposes. It is encouraging to see the capable assistance that the Comptroller is giving to our municipalities and the favorable acceptance by them of his counsel. Our municipalities are not only preparing physical plans for post-war needs but likewise greatly improving their financial position.

The Planning Commission is well advanced in the first phase of its operations. It will soon come to the important work of timing post-war construction in the light of possible unemployment, availability of materials and project urgency.

While our post-war public works planning has not yet achieved the rounded goal toward which we are aiming, we now have an effective working procedure which produces projects tested for adequacy and efficiency.

The commission will make its own report shortly and set forth its requirements for continuing its important work.

BUSINESS AND EMPLOYMENT

After final victory in the war has been won, no problem confronting the people of our State will be more urgent than full production and full employment. More than 1,200,000 of our young men and women are serving their country in uniform and 2,000,000 of our men and women are engaged in war production. Peacetime employment will constitute a challenge to business and to the government of the State.

Over 100,000 members of the armed services have already been discharged and have returned to civilian life in this State. Cutbacks in war production have created job problems for thousands of our other citizens.

For more than a year New York State has been at work on the problem of opening up new avenues for job opportunities.

Business Development Program

In this connection, last fall I appointed an advisory committee on technical industrial development, composed of business men, labor leaders, engineers and educators in applied science. They have been at work with the Department of Commerce making available to business men throughout the State information relating to new products, new processes and new materials which will contribute so much to an expanded economy and a higher standard of living after the war.

Aviation

A large field of opportunity for business and employment after the war will be provided by aviation. As a part of its program to maintain New York's leadership in all forms of commerce and to add to the gainful opportunities of the citizens of the State, the State should give every encouragement to the aviation industry and to the development of aviation transportation as an integral part of our post-war economy.

Among the problems facing the State and its localities are: (1) the promotion of aviation as a means of transportation and as an essential part of New York State's famed transportation network;

(2) Representation of the State and the aviation industry within the State in the Federal program, so that New York will have an official voice and authority to see that New York State and its subdivisions will not be by-passed in the development of the Federal program; and

(3) Assistance to municipalities in the development of their airport facilities.

During the last year the Department of Commerce has been studying many aspects of the aviation field. It should be designated as the clearing house for aviation problems and the agency to represent the State in dealing with the Federal government and the localities to insure the orderly development of commercial and private aviation facilities on a State-wide basis.

To provide for such activity I recommend that legislation be enacted at the current session of the Legislature, establishing the responsibilities of the Department of Commerce in the field of aviation.

LABOR

Workmen's Compensation

After more than thirty years of workmen's compensation experience in this State, there still are many workers who do not participate in its benefits. They, too, are entitled to protection against the hazards of accident and disease incident to their employment. I commend to the favorable consideration of your honorable bodies the extension of workmen's compensation benefits to domestic employees and to restaurant workers regardless of the number employed.

The Moreland Commissioners in their report recommended that the workmen's compensation law be recodified, and I earnestly support their recommendation. The statutory division of authority as between the Industrial Board and the Industrial Commissioner has caused confusion and it has been in large part responsible for the piling up of a backlog of pending compensation claims. For the first time in years we now have an administration in the Labor Department and the Industrial Board earnestly cooperating to correct and improve the basic structure. Yet they find in the field of workmen's compensation the same kind of antiquated and inadequate administration I found in unemployment compensation. The needed reform cannot be accomplished by administrative order, for its causes rest in a statutory conflict of authority.

I shall soon submit to your honorable bodies a special report on this subject together with my recommendation that the authority for determination of workmen's compensation claims be integrated under the jurisdiction of the Industrial Board, in order that injured workers in this State may have a speedy determination of their claims and prompt payment of the workmen's compensation benefits to which they are justly entitled.

Unemployment Insurance

The Unemployment Insurance Fund has accumulated at a rate much faster than was originally expected. It now amounts to $840,000,000. There is a surplus over the reserves needed unless we face a prolonged and catastrophic post-war depression. The time has come to take stock of our unemployment insurance program in order to determine the advisability of greater benefits on the one hand and of rate revision on the other.

In the period of reconversion which will follow victory our State will face keen competition in attracting and retaining the business enterprises which are essential to high-level employment.

In recent years more than three-quarters of the States have adopted, in one form or another, a system granting different rates of contribution to different types of employers. In those States, the unemployment insurance tax is varied so as to reward the maintenance of stable employment levels.

For years there has been active discussion in our own State of the advisability of adopting such a system. Valuable studies and discussions on this subject have been conducted by the Joint Legislative Committee on Industrial and Labor Conditions, which have carried us very close to agreement among representatives of labor, industry and government most deeply concerned with the problem. We should no longer avoid a decision. To do so might conceivably place a serious handicap on both labor and industry in this State.

Let me give you a simple illustration. After the war many large employers will be confronted with the decision as to which plants should be shut down and which plants should be expanded. In the case of a large enterprise given an equal choice between shutting down or expanding a plant in New York State or one in another State a factor such as cost of unemployment insurance may be sufficient to tip the scales. I am sure that the people of this State do not wish to leave neglected any factor which could have a decisive influence upon post-war employment opportunities in our State.

Accordingly, I urge upon your honorable bodies careful consideration of this entire subject with relation to the future position of our State and the employment and welfare of our people.

Minimum Wages

There are some six classes of employment which are presently covered under minimum wage board orders. These orders have long become obsolete by reason of the marked changes in the cost of living and the increases in the wage levels. The wage rates which were intended to be a floor in certain selected fields of employment have now become meaningless. At my direction the Department of Labor is giving most careful study to the situation and it is hoped that in the very near future the State administration will be in a position to indicate a new policy to be followed.

State Labor Relations Board

One of the most important gaencies in the State government is the State Labor Relations Board. It has done its job remarkably well.

The members of this board have been required to work long hours, exercise great and delicate responsibilities and make great personal sacrifices in the peaceful determination of industrial disputes. Their compensation of $7,500 per annum does not represent the value of their services or meet the financial sacrifices involved for members of that board. It does not accord with the importance of the work that they do. Accordingly, I recommend that your honorable bodies increase their salaries to the sum of $10,000 per annum.

TAXATION

For the last two years your honorable bodies have, at my recommendation, approved a 25 per cent reduction in the personal income tax. I recommend that this reduction be continued for another year.

Apart from this 25 per cent reduction your State administration has taken the position that in the existing war-time conditions of full employment and increased incomes, it would not be wise to undertake a further general tax reduction. This position was fortified by the knowledge that the surplus of revenues being received by the State reflected in a large part deferred expenses which would have to be met later on.

Further proof of the necessity for prudent handling of the State's finances in these times has just been strikingly provided by the act of the Federal government in terminating horse racing. By this single act the State stands to lose at least $27 million of revenues in the coming fiscal year.

EDUCATION

State Aid

State aid to education is distributed under the Friedsam formula which was proposed in 1926. As our school organization has changed in these eighteen years, this formula, too, needs revision to fit present-day needs. In order to expedite action at this session I have appointed a Committee on the State Educational Program to study the many factors involved and to make recommendations, which will keep strong our educational system and meet its increased needs.

Vocational Institutes

Apart from the needed revision of State aid for education, we are studying intensively the strengthening of education beyond the training now given in the high schools. The vocational needs of youth are not now fully met. The Institutes of Applied Arts and Sciences recommended by the Board of Regents are designed to meet these needs. On March 31, 1944, I signed an act permitting the establishment of these institutes. Subsequently, the whole matter has been the subject of research and conference.

The program has already received the enthusiastic indorsement of leaders in business, labor and industry who realize that the demand for the expert worker in production, distribution and personal service has greatly increased in the last few decades.

I have asked the Committee on the State Educational Program to make a detailed study of the results of the labors of this year and report on immediate and prospective needs for staff, buildings and equipment, together with the acceptance of sites and the drawing up of plans for permanent buildings.

Upon all these matters I have asked the committee to report well before the end of the legislative session, so that prompt action can be taken.

PUBLIC WELFARE

A year ago I pointed out the need for the simplification of the public welfare structure of the State. Subsequently a special subcommittee on social welfare and relief of the Joint Legislative Committee on Interstate Co-operation was established by the Legislature to examine the problem. This committee has pursued its task with vigor. Eleven public conferences have been held throughout the State at which hundreds of public officials and interested citizens expressed their views on how to create a more orderly plan for meeting human needs. Of itself this has been a significant educational enterprise.

Everywhere the committee has found agreement that our welfare system is a patchwork. As was to be expected, the committee has found it no simple task to create an orderly pattern for a system which is the accumulation of a century and a half of undirected effort. The committee has heard many and varied proposals for reaching a solution. These are being carefully considered and I recommend that the work of the subcommittee be continued for another year.

AGRICULTURE

Agriculture is basic to our national life; it is no less basic to the war and post-war economy of New York State. Although it is known primarily as a great commercial, financial and industrial State, New York ranks high in the nation in agricultural production. Thus, with the change from war to post-war conditions, the security and stability of agriculture will be vital to the prosperity of our State economy.

The problems and needs of agriculture in the post-war period relate particularly to the conditions of production, marketing, processing and consumption of all types of agricultural products, in industry as well as in the home. Economic practices, such as pricing, affecting milk and milk products, poultry, fruits,

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Changes In N. Y. Banking Laws Proposed In Report of State Superintendent

Resources of all banking institutions under the supervision of the New York State Banking Department reached new peaks in volume and quality in 1944, Elliott V. Bell, Superintendent of Banks, says in his annual report to the Governor and the Legislature, made public Jan. 5. Deposits of banks and trust companies increased $1,175,000,000 to $18,287,000,000 in the first 10 months of the year, while savings bank deposits, showing a record-breaking increase, rose $758,000,000 to $6,931,000,000.

Elliott V. Bell

The improvement in the quality of banking assets, says Mr. Bell, resulted not merely from the purchase of additional large amounts of Government securities, but also from continued progress on the part of banking institutions, strongly encouraged by the Banking Department, in disposing of assets of poorer quality left over from past years. The depositor's dollar, he adds, has today greater protection than ever before, in spite of the relative decline in the proportion of bank capital to deposits.

The $1,175,000,000 increase in the deposits of banks and trust companies compares with one of $2,048,000,000 in the corresponding period of 1943. The smaller rate of gain, Mr. Bell says, is traceable to the fact that deposits of the United States Government in these institutions were reduced by $2,412,000,000 in the 10-month period.

For the savings banks, the rise in deposits was at a sharply accelerated rate, says Mr. Bell. The $758,000,000 increase in savings bank deposits compares with a gain of $434,000,000 in the first 10 months of 1943. Savings and loan associations also experienced a greater influx of funds, as reflected in a gain of 10.4% in their total resources during the year ended Oct. 31, 1944, against a rise of 7% in the preceding year.

Stating that the Banking Department will propose certain changes in the banking law at the 1945 session of the Legislature, Mr. Bell said that the recommendations for legislation will include so-called G-I loans to war veterans, Federal Land Bank bonds, credit unions and check cashing. He says:

"In accordance with the policy of this Department to cooperate with the Federal Government and to assist banking organizations in meeting the many problems created by the war and post-war civilian economy, the Banking Board on Nov. 1, 1944, adopted a resolution authorizing banking organizations to exclude the amount of a G-I loan guaranteed by the Administrator of Veterans' Affairs in applying the prescribed limits for loans secured by real property. The Department is of the opinion that the provisions of this Banking Board resolution should be incorporated into the law at this time. In addition, the banking law should be amended to provide authority for savings banks and savings and loan associations to make unsecured loans for repairs and delinquent taxes, etc., in accordance with the provisions of the Servicemen's Readjustment Act of 1944."

The proposed legislation on Federal Land Bank bonds would permit the banks and trust companies to invest without limitation in these bonds as they are now permitted to invest in bonds of Federal Intermediate Credit Banks, Federal Home Loan Banks and National Mortgage Associations. The need for amending the law with regard to credit unions, Mr. Bell points out, arises from the fact that the article of the banking law relating to these institutions has not been subject to a general revision or recodification since 1914.

Effective July 1, 1944, persons or organizations engaged in the business of cashing checks for a fee were required to apply to the Superintendent of Banks for a license unless the fee charged was not more than 15 cents an item and the check-cashing was not incidental to other lawful business. "After six months' experience under the new law," says Mr. Bell, "the Department is convinced that the law needs to be strengthened in several respects. It is highly desirable that the Superintendent have clear authority to suspend or revoke licenses promptly where reasonable ground exists for believing that any licensee is conducting his business in an unlawful manner or where facts come to light indicating that the character, responsibility and general fitness of any licensee are such as to raise reasonable doubt as to his ability or willingness to conduct his business in an honest, efficient and law-abiding manner."

The large proportion of the funds of the savings banks which have been placed in Government bonds and the continued growth of their deposits have led the savings banks to propose that the legal list principle controlling their investments be abandoned and the so-called "prudent man" investment rule be adopted in its stead, says Mr. Bell. He adds:

"The Department is fully aware of the problem which savings banks face of finding satisfactory outlets for their funds. It has made preliminary statistical analyses and, in cooperation with the savings banks, has initiated an analysis of the bond market. It is hoped that within the coming year recommendations can be made with regard to the investment powers of savings banks which will result in broadening the investment opportunities of these institutions."

From the Banking Department's advices we also quote:

"The healthy condition of the banking system was reflected in the fact that no banking organizations were taken over by the Superintendent for liquidation during the year. Liquidation was completed of seven domestic banking organizations with aggregate deposit and share liabilities of $203,529,000. Included among these banks was the Bank of United States. All assets in three of the four domestic liquidations remaining to be completed at the end of the year have been liquidated and it is expected that final dividend payments will be made early in 1945.

"The improvement in the soundness of all types of institutions is evidenced by the increased holdings of Government securities and the disposal of unsatisfactory assets, according to Mr. Bell. In the case of the banks and trust companies, $822,700,000 in United States securities were added to their portfolios. This increase brought the total Government securities held by these institutions to $11,454,900,000 on Oct. 31, 1944. The increase was not as great as during the same period in 1943, during which time $2,734,000,000 were purchased.

"War financing of various types has greatly increased the proportion of bank assets which depend upon Government credit. For example, in the case of the State banks and trust companies in New York City, the sum of their cash, due from banks, United States securities owned, loans on United States securities, and loans guaranteed by the United States Government amounted to 93.3% of their total resources.

"Although the deposits of New York State banks and trust companies have continued to increase, they have in recent years become a smaller proportion of the nation's bank deposits, the Superintendent points out. From Dec. 30, 1939, to June 30, 1944, the proportion of private demand deposits held by New York State banks and trust companies to the nation's total declined from 36.4% to 27.3%. The lag in the growth of deposits of New York State has been most noticeable during the past two and one-half years. The banks and trust companies under the supervision of the Department continue to hold about the same proportion of the nation's time deposits as in earlier years. The slow growth of private demand deposits in New York State has been due primarily to failure of deposit expansion in New York City to keep pace with deposit expansion elsewhere. In the State, outside New York City, the growth in these deposits was nearly equal to the average for the country as a whole."

A modest revival of mortgage lending during the year was reflected in the increase in new real estate loans reported by the savings banks and the savings and loan associations, says Mr. Bell. In the case of the latter institutions, outstanding mortgage loans reversed the downward trend shown in 1943 by an increase from $201,905,357 to $206,961,693 during the first 10 months of 1944. These institutions further improved the quality of their assets by a reduction of approximately 55% in the amount of real estate held.

A revival of consumer loans is reflected in the report of the licensed lenders, according to Mr. Bell. The dollar amount of outstanding loans at the end of the year will probably be slightly in excess of that reported a year ago. In view of the substantial declines in 1942 and 1943, it appears that the low point of activity in this type of lending was reached some time ago. In the credit unions, on the other hand, there was a continued shrinkage of instalment loans. The amount outstanding on Oct. 31, 1944, was 13½% less than a year ago and 30% less than two years ago. These institutions continued to invest their funds in United States Government securities, which now represent 38% of their total resources.

Riedell Field Sec. of Fair Trade Council

John W. Riedell has been appointed Field Secretary of the American Fair Trade Council, New York, according to an announcement by John W. Anderson, President of the organization. He was formerly on the staff of the American Management Association, prior to which he was connected with the Compensation Insurance Rating Board.

The Council's advices of Jan. 4 also said:

"Mr. Riedell has been active in management association work for many years, taking part in the activities of such groups as the National Office Management Association, the Society for the Advancement of Management, and the International Management Congress."

Items About Banks, Trust Companies

The Continental Bank & Trust Co. of New York reported as of Dec. 31, 1944, total deposits of $166,225,371 and total assets of $177,278,424, compared, respectively, with $144,032,853 and $154,989,096 on Sept. 30. Cash on hand and due from banks amounted to $34,798,973, against $33,786,247; holdings of U. S. Government obligations to $61,376,347, against $56,569,796; loans and dis-amounted to $34,798,793, against $45,138,642. Capital was unchanged at $4,000,000 and surplus increased to $4,500,000 from $4,000,000. Undivided profits were $1,289,436, against $1,665,893 at the end of September.

Statement of condition of Sterling National Bank & Trust Co. of New York at Dec. 31, 1944, shows an all-aime high in resources and deposits of $127,864,980 and $121,374,164, as compared with $104,121,074 and $97,748,265, respectively, as of Sept. 30, 1944. Of the December total deposits, U. S. Government deposits totaled $19,816,051 as compared with $9,452,924 shown on Sept. 30, last; commercial and other deposits reached an all-time high of $101,558,112 as compared with $88,295,340. Capital, surplus and undivided profits totaled $5,070,623, a new high, as against $4,807,372 on Sept. 30. Cash and due from banks amounted to $29,433,333 on Dec. 31, 1944, against $26,184,782 on Sept. 30; U. S. Government securities were $64,479,579, a new high, as compared with $46,674,365; State, municipal and corporate securities amounted to $1,568,763, compared with $1,646,474; loans and discounts reached an all-time high of $31,168,980, against $28,535,269 on Sept. 30. Stock in Federal Reserve Bank was $142,500, against $135,000, and surplus was $3,250,000, a new high, compared with $3,000,000. Reserves were $620,832, as compared with $772,232 on Sept. 30, 1944.

The Grace National Bank of New York, in its statement of condition as of Dec. 31, 1944, shows deposits of $77,567,536, as compared with $67,201,389 on Sept. 30, 1944, and $71,556,839 a year ago. Surplus and undivided profits are now $3,266,230, as compared with $3,219,836 on Sept. 30, 1944 and $2,759,292 a year ago. Cash in vault and with banks at the latest date totaled $16,015,169, contrasting with $15,132,005 on Sept. 30, 1944, and $18,211,317 a year ago. U. S. Government securities are new at $39,446,302, compared with $37,457,706 on Sept. 30, 1944, and $37,839,169 a year ago. Loans and discounts are now reported at $22,625,291, as compared with $14,205,997 on Sept. 30, 1944, and $17,301,379 a year ago.

Colonial Trust Co. of New York reported as of Dec. 31, 1944, total deposits of $50,278,863, compared with $36,290,865 on Sept. 30, last, and with $31,890,752 on Dec. 31, 1943. Total resources of the bank amounted to $52,001,036 at the end of the year, against $38,066,363 three months ago and $33,553,630 a year ago. Cash on hand and due from banks on Dec. 31, 1944, amounted to $11,979,196, compared with $8,666,967 on Sept. 30, and with $9,031,828 a year ago. Holdings of U. S. Government obligations were $23,173,895, compared with $20,190,799 three months previous, and with $14,655,000 a year ago. Loans and bills purchased amounted to $13,175,560, against $8,452,743 on Sept. 30 and $9,191,056 on Dec. 31, 1943. Capital, surplus and undivided profits on Dec. 31, 1944, were $1,620,439, compared with $1,585,558 on Sept. 30, and with $1,508,602 a year ago.

The Federation Bank & Trust Co. of New York reported as of Dec. 30, 1944, deposits of $29,606,510 and total resources of $32,730,768, as against $25,298,841 and $28,601,194, respectively, as of Sept. 30, 1944. Cash on hand and due from banks amounted at the latest date to $7,916,540, against $4,877,628. Holdings of U. S. Government securities totaled $12,473,660, against $12,489,449. Loans and discounts are now $8,378,107, compared with $8,260,259. Capital and surplus have increased to $1,000,000 and $1,200,000, respectively, from $825,000 and $1,175,000, and undivided profits are $415,026 as against $409,966.

Total assets of Clinton Trust Co. of New York reached a new high figure of $21,376,233 on Dec. 31, 1944. This compared with $19,482,569 on Sept. 30, last, and $18,112,931 on Dec. 31, 1943. Deposits amounted to $20,050,698, against $18,232,170 and $16,869,674, respectively, on the earlier dates. Surplus and undivided profits totaled $514,664, compared with $505,000 and $467,549. Loans and discounts were $2,992,011 at the close of the year; on Sept. 30, 1944, they were $2,958,299, and on Dec. 31, 1943, were $2,862,010. Holdings of U. S. Government and municipal bonds amounted to $11,029,605, as compared with $9,860,767 and $8,736,691. Cash on hand and due from banks at the close of the year totaled $4,541,036, against $4,179,435 at the end of the third quarter and $4,122,248 a year ago.

The annual report of Guaranty Trust Co. of New York, signed by Eugene W. Stetson, Chairman of the board, and J. Luther Cleveland, President, issued to stockholders Jan. 9 in advance of the annual meeting to be held on Jan. 17, shows net current operating earnings for 1944 of $18,318,760, compared with $16,617,544 for 1943. In addition, investment security profits were $4,642,503, compared with $4,336,114 for the year 1943. Miscellaneous charges (net) amounted to $330,546 in 1944, compared with $308,864 in 1943, and in each of these years $1,000,000 was transferred from earnings to general contingency reserve. The general contingency reserve at the end of the year was $33,520,903. Total resources and deposits, both at the highest points in the company's history, were $3,826,161,882 and $3,441,036,641, respectively. Capital, surplus and undivided profits on Dec. 31, 1944, totaled $302,222,571. Holdings of U. S. Government obligations, which totaled $2,362,481,367, continued to represent the largest part of earning assets. War loan subscriptions entered by the Guaranty Trust Co. for account of customers and others amounted to $598,000,000 for the Fourth War Loan, $830,000,000 for the Fifth War Loan, and $1,008,000,000 for the Sixth War Loan, or a total of $2,436,000,000 for the three drives conducted during 1944. At the close of 1944 there were 1,032 members of the bank's staff in the armed forces; 27 have lost their lives in service and others are missing in action.

The Irving Trust Co. of New York announced in its statement of condition as of Dec. 31, 1944, that total resources are $1,262,589,365, compared with $1,155,257,305 on Sept. 30 and $1,078,718,819 on Dec. 31, 1944, while total deposits are $1,141,041,212 against $1,038,908,039 three months ago and $964,148,274 a year ago. Loans and discounts are now $267,469,810, against $220,191,257 and $207,516,206;

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Dewey Urges Increase of State's Post-War Fund to $310,000,000

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vegetables and many other farm and forest products, affect producers no less than consumers.

We need in the State a marketing system which is fast, efficient and honest for the handling of fresh food, such as fruits and vegetables, eggs and milk. Both farmers and consumers have a vital stake in such a system. Neither can afford to leave its development to chance. The normal processes of food production and food marketing are now upset by the impact of war. Consumers, especially in our large towns and cities, are being forced daily to make drastic and sometimes unhealthful adjustments in their diets.

It is high time to appraise the whole food situation in the State. The objective of this appraisal should be, first, to determine what adverse conditions can be corrected immediately; second, to lay a broad foundation for a long-time State program of food production, marketing, and diets, designed to keep the farms of the State profitably employed and to supply the people of the State with the best possible food from these farms at reasonable prices. To this end I recommend the creation of a temporary commission to make this vital survey.

Migrant Workers

One consequence of the war has been a big increase in the number of seasonal migratory workers from other States. Their help has been essential to the harvesting and processing of the great two and one-half million-ton fruit and vegetable crop of New York. In 1944 there were about 10,000 such workers from Southern and near-by States, all of them living in privately owned and operated camps.

The influx of this large number of workers has created serious problems for employers, for workers and for the people of the State at large. In the effort to provide satisfactory housing and working conditions for them, our farmers have struggled under shortages of labor, lack of transportation materials and equipment.

Nevertheless, many problems remain. Since these seasonal workers are necessary to our economy and welfare, it is the responsibility of the State of New York to insure for them acceptable living and working conditions. Our progressive labor and social welfare programs should be extended to protect these workers. By the same token, employers should have the assistance and co-operation of State agencies and departments in providing housing and working conditions which will attract sufficient numbers of good workers to our State.

The State Farm Man Power Director is completing an extensive study of this problem. I will transmit his report together with my recommendations early in this session.

CONSERVATION

As the State grows older, and continues to draw heavily on its soil, water, forest, fisheries, wildlife and mineral resources, the need for the conservation and most efficient development of these resources grows ever more urgent. The success of agriculture, lumbering, business, industry, and outdoor recreational pursuits—in short, the future prosperity of the State—becomes increasingly dependent upon these resources and the way we use them.

We have already accumulated serious land-use problems. For example, in just sixty years productive farmland has shrunk from twenty-four million acres to seventeen million acres. Of the difference, there are five million acres, which have been lost to productive use. Once a leader in lumbering, we now import into the State over 75 per cent of our lumber and pulpwood, and after the war, as a result of unusually heavy cutting at this time, we will have to import even more.

Numerous measures have been taken to improve the State's conservation program. A Bureau of Soil Conservation has been established in the Conservation Department to bring about long overdue co-operation between the State and our farm people on problems of soil and water conservation which affect us all. There has also been established in the department a Bureau of Conservation Education.

In the field of forestry a far-sighted step has been taken in the re-seeding of a part of our forest nurseries which had been virtually abandoned by the previous administration. Already some 17,000,000 seedlings are on the way and I believe that the State should resume its reforestation work as soon as conditions permit.

In the increasingly important field of outdoor recreation we know that we will be faced with a tremendous demand for increased facilities and services when the men and women in the armed services come home. An expanded program of parks and parkways, camp sites and public hunting and fishing facilities has been planned to meet this demand. It will enrich the lives of our people and will, incidentally, provide much employment during the reconversion period.

ST. LAWRENCE POWER PROJECT

After twenty years of dscussion, the tremendous power potential of the St. Lawrence River still remains undeveloped. Its estimated 1,620,000 kilwatts would be the second largest project of its kind in this continent. Its beneficiaries would be the residents of this State and nearby areas.

At the last session of the Legislature upon the recommendation of the State administration, resolutions were unanimously adopted declaring for the prompt development of the St. Lawrence River by measures which would provide low-cost power from these resources under the inalienable ownership of the people.

On Dec. 12, 1944, the United States Senate rejected a measure for the completion of the Seaway and Power Project, in accordance with the terms of the United States-Canadian agreement of March 19, 1941. However, it has been announced by the sponsors of the measure that it will be reintroduced at the first session of the next Congress.

I recommend, therefore, that the State continue vigorously to assert its substantial rights and interests in the St. Lawrence development.

For years I have advocated the completion of the St. Lawrence Seaway and Power Project. During the last decade the means have been found and billions in Federal funds have been appropriated to develop great rivers in other sections of the country, for power, navigation, flood control, irrigation and like purposes. The incomparable resources of the St. Lawrence River should no longer be wasted. If the Federal Administration is unable or unwilling to proceed, then the State of New York itself should undertake to complete the project on a self-liquidating basis, in co-operation with the Dominion of Canada and the Province of Ontario.

MUNICIPAL AFFAIRS

Early in 1943 I appointed an advisory committee under the chairmanship of the Comptroller to analyze the needs of the municipalities for additional revenues and to suggest the means of reducing real estate taxes. Last year the committee was reconstituted as a temporary commission.

Upon the recommendation of this body the State has relinquished to the localities its full share of the mortgage recording tax. In addition, last year, we paid over to the cities all the moneys derived by the State from the utility tax. From these two sources, the municipalities will receive $19,000,000. To secure the home owner and rent payer the benefits of this increased financial assistance, the cities were required to apply the utility tax moneys to the reduction of debt.

In addition, with an initial appropriation of $2,000,000, the State has taken over the cost of rights-of-way for State highways—an expense heretofore borne by local government.

The State has encouraged the municipalities and districts not only to prepare plans for the construction of post-war improvements but also to accumulate reserve funds to finance their cost. As I have already pointed out. 450 municipalities have followed the example of the State and set up local post-war reconstruction funds.

Since Jan. 1, 1943, the services of the Department of Audit and Control to our municipalities and districts have been enormously expanded to the great benefit of municipal finance. Municipal and district examinations, for example, have increased from 113 in 1942 to more than 2,100 in the last year. By its newly established consultant and research sections, the Division of Municipal Affairs now makes available helpful new services to all subdivisions of local government.

Since 1942, municipal debts are trending steadily downwards. Refundings have been drastically reduced. I believe it is safe to say that by your enactments and through the courageous and diligent efforts of the Comptroller, our municipalities, whose fiscal affairs are under his direction, have made greater progress toward a sound financial position than in any other period in the history of the State of New York.

STATE EMPLOYEES

In every department of our State government we are sharply handicapped by manpower shortages. Our institutions are particularly hard hit. The State is proud of its many employees who are now serving in the armed forces of our country. We are proud also of those remaining employees who, in the face of many attractive opportunities of employment elsewhere, are continuing to carry on the work of the State. Many of them are shouldering a heavy load not merely by reason of extra work occasioned by the man-power shortages, but also by reason of advancing living costs.

As a measure to meet these conditions, extra war emergency compensation was initiated in 1943 covering employees receiving less than $4,000. That arrangement has since been continued. It is no longer adequate to meet the conditions that exist. I, therefore, propose that the war emergency compensation be increased and that such additional compensation be provided to all employees of the State.

In substitution for the current plan, I recommend additional compensation of 20 per cent for those receiving less than $1,500 a year; and for those receiving $1.500 or more, but less than $2,000, the increase should be 17½ per cent. This is in accord with the national policy and will help bring the pay of State employees at that level into line with that of Federal employees at a comparable level. It accomplishes a much-needed equalization of wage levels. For those receiving $2,000 or more, but less than $3,000, the increase should be 15 per cent; for those receiving $3,000 or more, but less than $4,000, 12½ per cent; for those receiving $4,000 or more, 10 per cent, with a limit of $1,000 on the amount of increase. In some cases these percentage increases will have to be modified, so as to maintain appropriate differentials between the various salary levels.

Beyond this broad question of increased compensation to meet changing conditions, relations between the State government and the State employees always require our careful consideration.

The Civil Service Commission has been making steady progress in personnel work, but many personnel problems are separately handled by the departments with no opportunity to maintain a consistent policy throughout the State service. Misunderstandings inevitably result. A personnel council that would unify all personnel work would be a first step toward the development of a unified program. The function of such a council at the outset would be to bring together regularly all personnel and departmental fiscal officers to promote uniformity and to learn at first hand of existing problems. Relationships that cannot be settled within a department should be referred to the council for consideration.

I do not consider it necessary at the present time to establish such a program by legislation. A start can be made by administrative action which I shall shortly take.

Another matter relating to employees that needs attention is the temporary salary standardization board which will come to an end under present law on Dec. 1, 1945, at which time all of its functions are to be transferred to the Director of the Budget. I doubt the wisdom of this plan. One fiscal office cannot satisfactorily provide the service that should be afforded to the State and its employees in the matter of salary allocation. A permanent standardization board should be created. It should be provided with appropriations for the maintenance of its own permanent administrative staff and I recommend these proposals for your favorable consideration.

LEGISLATIVE INVESTIGATION

On Dec. 7, 1944, the special investigation into legislative matters which was ordered at the unanimous request of your leaders rendered an interim presentment by the grand jury containing important data and recommendations concerning the legislative personnel and fiscal matters.

A joint committee of your honorable bodies has been studying the same field for the last year. It is my understanding that they are preparing specific recommendations to eliminate waste and inefficiencies which have grown up during the last twenty years. I have every confidence that your honorable bodies will dispose of the matter in the interest of the people and yet preserve the integrity and prerogatives of a coordinate branch of the government.

It should not pass without comment, however, that one of the causes of the financial traditions which have developed in the Legislature has been due to the constitutional limitation on legislative salaries to the sum of $2,500 per annum.

I have long entertained the view that this constitutional limitation is wholly outdated and is contrary to the public interest. Certainly the people of the State do not desire that their legislators should render their important services at a personal financial loss. By contrast, the City of New York pays the members of its legislative body $5,000 a year and they do not have to travel long distances to Albany every week for three or more months of the year.

Moreover, as you know, your leaders render almost full-time service to the State. They are your most experienced members and they render services of a high order which are invaluable to the State. They should receive compensation at least equal to that of commissioners.

THE JUDICIAL SYSTEM

Last year I referred to the necessity for a change in the method. of selection of judges Your honorable bodies gave much consideration to the issue. Public hearings were conducted and a number of bills were introduced each attempting a different solution of the problem. Subsequently, your leaders issued a public statement in which they set forth the need for further and more mature deliberation.

In the ensuing year, the need for a revision of the method of selection has become even more acute. Moreover, there has also been revived a deep interest in making more simple the removal of judges. Right here in the capital district, a shocking example of judicial misfeasance has occurred. To all of these problems I once again direct your attention and I earnestly trust that you will give careful study to the many excellent suggestions which will come to you from bar associations, civic groups and others. It is a matter of high importance that improvements be brought about in the methods of selecting and removing members of the judiciary.

INSURANCE

New York has long been a leading State in the insurance field. Its laws have been strong and reasonable and the present Superintendent of Insurance has developed a legislative program to carry forward the progressive regulation of insurance in this State. It provides for what has been long overdue, uniform rules of accounting, the broadening of rate regulation and extension of controls over the filing of rating information, together with other information essential to intelligent regulation. In addition, the program will provide for the strengthening of title insurance companies.

I know that your honorable bodies will give sympathetic consideration to this important and forward-looking program.

COMMERCIAL RENTS

In early 1944 your honorable bodies created a joint legislative committee to investigate and study the commercial rent situation in the City of New York. War conditions had created a shortage in loft space and an impending shortage of store space with resulting heavy pressure toward the increase of rents.

Your committee has already stated publicly that it has found that an emergency exists in New York City. It proposes to recommend at this session of the Legislature the enactment of appropriate legislation for the purpose of controlling the situation. Without such controls the effect upon the war effort in this State would become serious.

This siuation is brought about by war-time conditions and is intimately related to the over-all control of prices to prevent inflation. It would have been better had the Federal government procured from the Congress additional powers so as to extend its existing control over dwelling rentals to commercial rentals. The Federal government did not do so, however, and the State must and, I am sure it will, act.

Accordingly, I recommend to your honorable bodies the enactment of legislation designed to bring relief to the many commercial and industrial tenants in the City of New York.

DELINQUENCY AND CRIME

Juvenile Delinquency

In the last fourteen months a committee of State commissioners has made a study of possible measures for the prevention of juvenile delinquency and adult crime and the treatment of delinquents and criminals. It recently submitted an exhaustive report on the subject of juvenile delinquency which I transmit to your honorable bodies herewith for your thoughtful consideration.

It has been the conclusion of the committee that delinquency, like intolerance breeds in ignorance; that its causes are manifold; that what is needed is not primarily more law; but a co-ordinated effort of the agencies and officials now empowered to deal with these many causes. It has therefore made limited and simple legislative recommendations so far as prevention is concerned and has developed carefully thought-out plans for teaming together municipal and State government and public and private agencies in an all-out battle on many fronts against this menace.

The State should be prepared to provide an adequate youth servive agency and to assist in initiating programs locally.

Custodial Care

In dealing with deliquents and criminals provision must be made for the most complete use of the existing corrective facilities of the State. This must be accomplished by freedom of transfer among the institutions of a single department and to a limited extent, among institutions of different departments. This will permit the use of institutions for specialized purposes and more homogeneous groupings of inmates.

Certain particular needs have been disclosed, such as the need for an institution to take care of defective delinquents under the age of sixteen. At the present time neither the Mental Hygiene nor Social Welfare Departments have the facilities for the treatment of such children.

Parole

Parole at the present time is not consolidated under a single head. It is a shocking fact that the State of New York operates nine different, unrelated parole systems. Each of these systems has its own set of parole officers in the various State districts, with resulting duplication of travel expense, records and work. While these systems to some extent deal with different types of problems, it is clear that, with the exception of the systems for State training schools, all supervision and investigation should be consolidated under the State Division of Parole.

Rehabilitation of Persons Convicted of Crimes

Our penal system provides that criminals who have served a minimum term, and whose good conduct and prospects of rehabilitation warrant it, may be released from custody by the Board of Parole. This release, however, does not end the punishment. The convict is forbidden to earn his livelihood in certain professions or occupations or to exercise some of the privileges of citizenship in the community to which he has returned. These penalties continue no matter how good his subsequent behavior. In many cases rehabilitation is seriously impeded, and both the individual and the community are injured.

The only way that these disabilities can be removed is by resort to the ancient and cumbersome use of the Governor's constitutional pardoning power. I have small patience with the confirmed criminal, but we should take every step to assist men and women who genuinely seek rehabilitation. They should not be prevented from becoming useful citizens nor unnecessarily carry a stigma long after character and reputation have been re-established.

I propose, therefore, that legislation be enacted whereby the restraints and disabilities imposed by law upon released felons will be made mandatory only for a fixed period. Thereafter, upon the showing of sufficient rehabilitation and by unanimous vote of the Parole Board these disabilities should cease to be effective.

I am sure that your honorable bodies will give these matters your most earnest attention. In the last few years, the State has gone far to provide for the tangible problems which beset it now and which we anticipate during the post-war period ahead. We must likewise deal with the more intangible aspect of community life, problems that overlap many departmental lines, problems that raise questions of fundamental education and citizenship rather than matters of law and legislation. Eradication of deliquency is one of these problems; the rooting out of racial and religious intolerance is another.

DISCRIMINATION

During the closing days of the last session of the Legislature certain bills were introduced designed to eliminate religious and racial discrimination in various phases of our society, particularly in the field of employment. I addressed a special message to your honorable bodies, calling attention to the great significance of the problem and the necessity for most careful study and suggesting the creation of a commission to undertake such study and to make recommendations at this session of the Legislature.

That suggestion was followed and the Temporary State Commission Against Discrimination is prepared to make vital recommendations with carefully drawn legislation by Feb. 1. I cannot too strongly emphasize either the importance or the necessity for considered action on the recommendations of that commission. The need for action in this field of human relations is imperative.

We all know that the problems in this field may not be solved by means of statutory enactments alone. All of our people must be imbued with the urgency and the will and the understanding to bring co-operation and equality into the relations among our fellow human beings. To do this, education both of child and adult is required. The right atmosphere in the home, the church and the school is all important. Much can be accomplished to accelerate the process of education and understanding by voluntary action and by sound governmental leadership in initiating and encouraging such voluntary action.

I cannot too strongly urge that, after the commission has rendered its report, action should be taken to place our State in the forefront of the nation in the handling of this vital issue.

MEDICAL CARE COMMISSION

The Commission on Medical Care created by your honorable bodies last year has made substantial progress in its efforts to produce a workable plan for broadening the availablity of medical services and hospitals while at the same time preserving the integrity and freedom of the medical profession. I have every reason to believe that by the next session of the Legislature, it will bring forward a progressive and sound program for the benefit of the people of the entire State. To this end the commission should be continued.

SOLDIER VOTE

The New York soldier vote law was a conspicuous success in producing a very large soldier vote on any comparable basis. The amount by which New York returns exceeded those of States with other methods of ballot distribution speaks for itself. The service vote in New York State was almost double that of Pennsylvania, the second largest State in the Union. Using the available estimates of qualified voters in the armed service, this means that the percentage of servicemen voting in New York exceeded that in Pennsylvania by almost 10 per cent. This comparison continues dramatically through all of the comparably large States for which figures are available. New York exceeded them all in the percentage of the service votes returned.

We avoided fraud, observed the requirements of our Consttution, and also produced an enormous vote. In view of the remarkable success achieved under the law and the large vote received under it, I recommend that it be continued substantially as it is.

One injustice, however, was caused by our constitutional provisions. In time of war the merchant marine, the Red Cross and other civilian agencies work in close co-ordination with the armed services. The number of persons engaged in these pursuits increases markedly during war time. It seems most unjust that such persons should lose their right to vote because of their contribution to the nation's welfare. I therefore recommend an appropriate broadening of the provisions our Constitution to permit non-personal voting by members of the merchant marine, the Red Cross and other similar authorized agencies.

VETERANS

At the last session of the Legislature I recommended the creation of a temporary commission to study proposed legislation affecting veterans and for the purpose of setting up a veterans' service agency for the State. This recommendation was followed. The temporary commission that was created and headed by General Hugh A. Drum has operated successfully during the year. A State-wide veterans' agency and agencies in each locality have been created. They are already carrying on their important services to the returning veterans and their families.

In addition, the commission is prepared to submit its report to your honorable bodies, making specific recommendations for legislation affecting veterans. Most important of all of its recommendations is one to make permanent the State Veterans' Commission in the executive department. The commission, including the members representing the veterans' organizations, has recognized that the State, in rendering service to the veterans, should not duplicate the functions now carried on by appropriate State departments under the Constitution or all of the activities of the Federal government. Instead, the needs of veterans can be taken care of through careful and selective coordination by a permanent commission in the executive department. The report will contain other recommendations as indicated by the preliminary report that was presented to me pursuant to the law.

This is a field which will undergo greater development as the days and the years pass. We welcome this development because we welcome the opportunity to do for our soldiers and sailors, our young men and our young women, those things to which they are entitled by reason of the sacrifices they are making on behalf of the nation.

WAR COUNCIL

During the last year, certain of the problems and activities of the New York State War Council have increased, while it has been possible to eliminate others which were no longer considered essential. The Army recently addressed a communication to me warning of the possibility of robot bombing and requesting vigilance in maintaining civilian protection services.

There has been a steady increase in the demand for child care facilities. The Child Care Committee has rendered exceptional service to many communities in which industry would have been seriously lacking in personnel had care for the children of working mothers not been provided.

On Dec. 1, 1944, there were in operation in the state 98 child-care projects involving 221 nurseries and school-age centers, having a normal enrollment of about 9,000 children. Of these 221 units, all but three were financed with the aid of the state. Requirements serviced by such agencies as the Nursing Council, certain divisions of Civilian Mobilization with its very large volunteer register and others have increased.

Not the least of the achievements of the War Council has been in the field of food production and preservation through the services of the Emergency Food Commission. Significant successes in 1943 and 1944 must be followed by equal achievement in 1945. Still acute are farm labor and farm machinery emergencies. Replacements have not been possible and the outlook in this respect in 1945 is anything but bright. Intensive work in this field during the year is clearly indicated.

As we move into 1945, it is clear that the War Council and the local councils have important services of lasting value to perform in aid of the war effort.

CONCLUSION

In presenting this annual message to you, I have made a number of proposals toward carrying out the responsibilities of the state in the post-war period. These deal broadly with the strengthening of the services of the state to its people, whether they work in business, industry or in agriculture. New York is a highly developed industrial state and we must make the conditions under which business is done in our state so attractive that in the reconversion period our factories and plants will be desirable places in which to do business and our people can look forward to permanent, stable employment. There must be no post-war trend away from the great harbors, transportation and highly skilled workers of our state.

At the same time, the hard-won rights of labor, which are a cornerstone of economic freedom, must be preserved and strengthened as I have indicated. For the thirteen million people of our state life must be made ever happier and more secure from economic or physical misfortune. The education of our children must be strengthened.

Only in these ways can the great, free institutions we here have the honor to represent be made stronger and the lives of our people happier in a turbulent and unhappy world.

THOMAS E. DEWEY.

Buffalo Clearing House Elects Harriman Head

According to the Buffalo "Evening News" of Dec. 27 President Lewis G. Harriman of the Manufacturers & Traders Trust Company, Buffalo, N. Y., has been elected President of the Buffalo Clearing House Association to succeed President Charles H. Diefendorf of the Marine Trust Company. The advices added:

"President George G. Kleindinst of the Liberty Bank of Buffalo was elected Vice-President of the Clearing House, Mr. Diefendorf, Treasurer, and Edward W. Miller, Vice-President of the Manufacturers & Traders Trust Company, Secretary.

Nardin Again Heads St. Louis Reserve

The Board of Governors of the Federal Reserve System has redesignated William T. Nardin, St. Louis, as Chairman of the Board and Federal Reserve Agent, and has reappointed Douglas W. Brooks, Memphis, Tenn., as Deputy Chairman and a Class C director of the Federal Reserve Bank of St. Louis.

The Reserve Bank's announcement on Jan. 2, also said:

"Member banks have elected the following as directors of the parent bank: Tom K. Smith, St. Louis, Class A director, and Louis Ruthenburg, Evansville, Ind., Class B director.

"The following have been appointed directors of the branches of the Federal Reserve Bank:

"Little Rock Branch—S. M. Brooks, Emmet Morris and A. F. Baliey, Little Rock, Ark., and Geo. S. Neal, Russellville, Ark.

"Louisville Branch — E. J. O'Brien, Jr., Wallace M. Davis and Chas. Schacht, Louisville, Ky.

"Memphis Branch—J. Holmes Sherard, Sherard, Miss.; W. P. Kretschmar, Greenville, Miss., and W. H. Glasgow, Memphis, Tenn.

"The Board of Directors of the Federal Reserve Bank consists of nine members, six of whom are chosen by the member banks and three by the Board of Governors in Washington. Each branch has seven directors, four of whom are appointed by the Federal Reserve Bank and three by the Board of Governors.

Harrison Reeves Dies

Harrison Sprague Reeves died Dec. 30 at the age of 56. Mr. Reeves, who was a financial writer and Paris correspondent of the "World," passed away after a short illness, said the New York "Times" of Jan. 6, from which we take the following:

Born in Carthage, S. D., Mr. Reeves was educated in South America and Europe, where his father went to take a series of posts as a civil engineer. He was graduated from Harvard University in 1910, earning his A. B. degree cum laude. He took courses under William James, George Santayana and Josiah Royce and carried on an extensive correspondence with them after his graduation.

After he left Harvard Mr. Reeves took a job with the old New York Morning Sun as a financial reporter and editorial writer. He conducted a column called Gossip of Wall Street, which attracted the attention of the editors of the "World," who made him that newspaper's continental correspondent, with headquarters at Paris. From Paris he wrote widely on European financial and political questions.

Mr. Reeves remained with the "World" until the start of the first World War, when he returned to the "Sun." He left daily journalism in 1916 to become the publicity member of the American Manufacturers Export Association's industrial mission to Europe. Later he did publicity work for French semi-governmental agencies.

In the late Nineteen Ten's and early Nineteen Twenty's Mr. Reeves served as manager for several continental business firms. After his return to the United States he did publicity for banking and oil concerns. From 1931 until 1943 Mr. Reeves spent much of his time traveling about the country in a trailer.

FDR Again Calls For Enactment Of National Service Act

(Continued from first page)

need is too pressing to await the outcome of further efforts at recruiting."

Making the statement that "I am clear in my own mind that, as an essential factor in the maintenance of peace in the future, we must have universal military training after this war," the President indicated that he would "send a special message to the Congress on this subject." He continued:

"An enduring peace cannot be achieved without a strong America—strong in the social and economic sense as well as in the military sense.

"In the State-of-the-Union message last year, I set forth what I considered to be an American economic bill of rights.

"I said then and I say now that these economic truths represent a second bill of rights under which a new basis of security and prosperity can be established for all regardless of station, race or creed."

"Of these rights the most fundamental, and one on which the fulfillment of the others in a large degree depends, is the 'right to a useful and remunerative job in the industries or shops or farms or mines of the nation.' In turn, others of the economic rights of American citizenship, such as the right to a decent home, to a good education, to good medical care, to social security, to reasonable farm income will, if fulfilled, make major contributions to achieving adequate levels of employment."

Noting that "we have had full employment during the war," the President observed that "we have had it because the Government has been ready to buy all the materials of war which the country could produce—and this has amounted to approximately half our present productive capacity."

"After the war," he said, "we must maintain full employment, with Government performing its peacetime functions." "This means," he added, "that we must achieve a level of demand and purchasing power by private consumers," and "it means also that we must greatly increase our export trade above the pre-war level." In part, the President also said:

"Our policy is, of course, to rely as much as possible on private enterprise to provide jobs. But the American people will not accept mass unemployment or mere makeshift work. There will be need for the work of everyone willing and able to work—and that means close to 60,000,000 jobs.

"Full employment means not only jobs, but productive jobs. Americans do not regard jobs that pay substandard wages are productive jobs.

"We must make sure that private enterprise works as it is supposed to work—on the basis of initiative and vigorous competition, without the stifling presence of monopolies and cartels.

"During the war we have guaranteed investment in enterprise essential to the war effort. We should also take appropriate measures in peacetime to secure opportunities for new small enterprises and for productive business expansion for which finance would otherwise be unavailable.

"Our full-employment program requires the extensive development of our natural resources and other useful public works. The undeveloped resources of this continent are still vast. Our river-watershed projects will add new and fertile territories to the United States. The TVA, which was constructed at a cost of $750,000,000—the cost of waging this war for less than four days—was a bargain. We have similar opportunities in our other great river basins."

Reference was made by the President to the Atlantic Charter, and in his remarks thereto he said:

"It is true that the statement of principles in the Atlantic Charter does not provide rules of easy application to each and every one of this war-torn world's tangled situations. But it is a good and a useful thing—it is an essential thing—to have principles toward which we can aim."

From his message we also quote:

"We and our allies have declared that it is our purpose to respect the right of all peoples to choose the form of government under which they will live and to see sovereign rights and self-government restored to those who have been forcibly deprived of them. * * *

"It is our purpose to help the peace-loving peoples of Europe to live together as good neighbors, to recognize their common interests and not to nurse their traditional grievances against one another."

Declaring that "we must not permit the many specific and immediate problems of adjustment connected with the liberation of Europe to delay the establishment of permanent machinery for the maintenance of peace," the President said:

"International peace and well-being, like national peace and well-being, require constant alertness, continuing cooperation and organized effort. . . .

"Many of the problems of the peace are upon us even now while the conclusion of the war is still before us. The atmosphere of friendship and mutual understanding and determination to find a common ground of common understanding, which surrounded the conversations at Dumbarton Oaks, gives us reason to hope that future discussions will succeed in developing the democratic and fully integrated world security system toward which these preparatory conversations were directed.

"We and the other United Nations are going forward with vigor and resolution in our efforts to create such a system by providing for it strong and flexible institutions of joint and cooperative action."

The President told the Congress that "one of the most heartening events of the year in the international field has been the renaissance of the French people and the return of the French nation to the ranks of the United Nations," and, he stated that "today French armies are again on the German frontier and are again fighting shoulder to shoulder with our sons."

At the conclusion of his message the President stated that "this New Year of 1945 can be the greatest year of achievement in human history." He further said:

"Nineteen hundred forty-five can see the final ending of the Nazi-Fascist reign of terror in Europe.

"Nineteen hundred forty-five can see the closing in of the forces of retribution about the center of the malignant power of imperialistic Japan.

"Most important of all—1945 can and must see the substantial beginning of the organization of world peace."

Text of President Roosevelt's State of the Union Message to the Congress

To the Congress of the U. S.:

In considering the state of the Union, the war, and the peace that is to follow, are naturally uppermost in the minds of all of us.

This war must be waged—it is being waged—with the greatest and most persistent intensity. Everything we are and have is at stake. Everything we are and have will be given. American men, fighting far from home, have already won victories which the world will never forget.

We have no question of the ultimate victory. We have no question of the cost. Our losses will be heavy.

We and our Allies will go on fighting together to ultimate total victory.

We have seen a year marked, on the whole, by substantial progress toward victory, even though the year ended with a setback for our arms, when the Germans launched a ferocious counter-attack into Luxemburg and Belgium with the obvious objective of cutting our line in the center.

Our men have fought with indescribable and unforgettable gallantry under most difficult conditions, and our German enemies have sustained considerable losses while failing to obtain their objectives.

The high tide of this German effort was reached two days after Christmas. Since then we have reassumed the offensive, rescued the isolated garrison at Bastogne, and forced a German withdrawal along the whole line of the salient.

The speed with which we recovered from this savage attack was largely possible because we have one supreme commander in complete control of all the Allied armies in France. General Eisenhower has faced this period of trial with admirable calm and resolution and with steadily increasing success. He has my complete confidence.

Further desperate attempts may well be made to break our lines, to slow our progress. We must never make the mistake of assuming that the Germans are beaten until the last Nazi has surrendered.

And I would express another most serious warning against the poisonous effects of enemy propaganda.

The wedge that the Germans attempted to drive in western Europe was less dangerous in actual terms of winning the war than the wedges which they are continually attempting to drive between ourselves and our Allies.

Every little rumor which is intended to weaken our faith in our Allies is like an actual enemy agent in our midst—seeking to sabotage our war effort. There are, here and there, evil and baseless rumors against the Russians—rumors against the British—rumors against our own American commanders in the field.

When you examine these rumors closely, you will observe that every one of them bears the same trademark—"Made in Germany."

Warns Against Divisive Propaganda

We must resist this divisive propaganda—we must destroy it—with the same strength and the same determination that our fighting men are displaying as they resist and destroy the panzer divisions.

In Europe we shall resume the attack and — despite temporary setbacks here or there—we shall continue the attack relentlessly until Germany is completely defeated.

It is appropriate at this time to review the basic strategy which has guided us through three years of war, and which will lead, eventually, to total victory.

The tremendous effort of the first years of this war was directed toward the concentration of men and supplies in the various theaters of action at the points where they could hurt our enemies most.

It was an effort—in the language of the military men—of deployment of our forces. Many battles — essential battles — were fought; many victories—vital victories—were won. But these battles and these victories were fought and won to hold back the attacking enemy, and to put us in positions from which we and our Allies could deliver the final, decisive blows.

In the beginning, our most important military task was to prevent our enemies—the strongest and most violently aggressive powers that ever have threatened civilization — from winning decisive victories. But even while we were conducting defensive, delaying actions, we were looking forward to the time when we could wrest the initiative from our enemies and place our superior resources of men and materials into direct competition with them.

It was plain then that the defeat of either enemy would require the massing of overwhelming forces—ground, sea and air—in positions from which we and our allies could strike directly against the enemy homelands, and destroy the Nazi and Japanese war machines.

In the case of Japan, we had to await the completion of extensive preliminary operations — operations designed to establish and secure supply lines through the Japanese outer-zone defenses. This called for overwhelming sea power and air power—supported by ground forces strategically employed against isolated outpost garrisons.

Always—from the very day we were attacked—it was right militarily as well as morally to reject the arguments of those short-sighted people who would have had us throw Britain and Russia to the Nazi wolves and concentrate against the Japanese. Such people urged that we fight a purely defensive war against Japan while allowing the domination of all the rest of the world by Nazism and Fascism.

In the European theatre the necessary bases for the massing of ground and air power against Germany were already available in Great Britain. In the Mediterranean area we could begin ground operations against major elements of the German Army as rapidly as we could put troops in the field, first in North Africa and then in Italy.

Therefore, our decision was made to concentrate the bulk of our ground and air forces against Germany until her utter defeat. That decision was based on all these factors; and it was also based on the realization that, of our two enemies, Germany would be more able to digest quickly her conquests, the more able quickly to convert the man power and resources of her conquered territory into a war potential.

We had in Europe two active and indomitable allies — Britain and the Soviet Union—and there were also the heroic resistance movements in the occupied countries, constantly engaging and harassing the Germans.

We cannot forget how Britain held the line, alone, in 1940 and 1941; and at the same time, despite ferocious bombardment from the air, built up a tremendous armaments industry which enabled her to take the offensive at El Alamein in 1942.

We cannot forget the heroic defense of Moscow and Leningrad and Stalingrad, or the tremendous Russian offensives of 1943 and 1944 which destroyed formidable German armies.

Nor can we forget how, for more than seven long years, the Chinese people have been sustaining the barbarous attacks of the Japanese and containing large enemy forces on the vast areas of the Asiatic mainland.

In the future we must never forget the lesson that we have learned — that we must have friends who will work with us in peace as they have fought at our side in war.

Victories Achieved Through Efforts of Allies

As a result of the combined effort of the Allied forces, great military victories were achieved in 1944: The liberation of France, Belgium, Greece and parts of the Netherlands, Norway, Poland, Yugoslavia and Czechoslovakia; the surrender of Romania and Bulgaria; the invasion of Germany itself and Hungary; the steady march through the Pacific islands to the Philippines, Guam and Saipan; and the beginnings of a mighty air offensive against the Japanese islands.

Now, as this seventy-ninth Congress meets, we have reached the most critical phase of the war.

The greatest victory of the last year was, of course the successful breach on June 6, 1944, of the German "impregnable" sea wall of Europe and the victorious sweep of the Allied forces through France and Belgium and Luxemburg—almost to the Rhine itself.

The cross-channel invasion of the Allied armies was the greatest amphibious operation in the history of the world. It overshadowed all other operations in this or any other war in its immensity. Its success is a tribute to the fighting courage of the soldiers who stormed the beaches—to the sailors and merchant seamen who put the soldiers ashore and kept them supplied—and to the military and naval leaders who achieved a real miracle of planning and execution. And it is also a tribute to the ability of two nations, Britain and America, to plan together, and work together, and fight together in perfect cooperation and perfect harmony.

This cross-channel invasion was followed in August by a second great amphibious operation, landing troops in southern France. In this, the same cooperation and the same harmony existed between the American, French and other Allied forces based in North Africa and Italy.

The success of the two invasions is a tribute also to the ability of many men and women to maintain silence, when a few careless words would have imperiled the lives of hundreds of thousands and would have jeopardized the whole vast undertakings.

These two great operations were made possible by success in the Battle of the Atlantic.

Without this success over German submarines we could not have built up our invasion forces or air forces in Great Britain, nor could we have kept a steady stream of supplies flowing to them after they had landed in France.

The Nazis, however, may succeed in improving their submarines and their crews. They have recently increased their U-boat activity. The Battle of the Atlantic—like all campaigns in this war—demands eternal vigilance. But the British, Canadian and other Allied navies, together with our own, are constantly on the alert.

Important Italian Front

The tremendous operations in western Europe have overshadowed in the public mind the less spectacular but vitally important Italian front. Its place in the strategic conduct of the war in Europe has been obscured, and—by some people, unfortunately—underrated.

It is important that any misconception on that score be corrected—now.

What the Allied forces in Italy are doing is a well considered part of our strategy in Europe, now aimed at only one objective—the total defeat of the Germans. These valiant forces in Italy are continuing to keep a substantial portion of the German army under constant pressure—including some twenty first-line German divisions and the necessary supply and transport and replacement troops—all of which our enemies need so badly elsewhere.

Over very difficult terrain and

through adverse weather conditions, our 5th Army and the British 8th Army—reinforced by units from other United Nations, including a brave and well equipped unit of the Brazilian Army—have, in the past year, pushed north through bloody Cassino and the Anzio beachhead, and through Rome until now they occupy heights overlooking the Valley of the Po.

The greatest tribute which can be paid to the courage and fighting ability of these splendid soldiers in Italy is to point out that although their strength is about equal to that of the Germans they oppose, the Allies have been continuously on the offensive.

That pressure, that offensive, by our troops in Italy will continue.

The American people — and every soldier now fighting in the Apennines — should remember that the Italian front has not lost any of the importance which it had in the days when it was the only Allied front in Europe.

Offensive By U. S. In Pacific

In the Pacific during the last year, we have conducted the fastest-moving offensive in the history of modern warfare. We have driven the enemy back more than 3,000 miles across the Central Pacific.

A year ago, our conquest of Tarawa was a little more than a month old.

A year ago we were preparing for our invasion of Kwajalein, the second of our great strides across the Central Pacific to the Philippines.

A year ago, General MacArthur was still fighting in New Guinea, almost 1,500 miles from his present position in the Philippine Islands.

We now have firmly established bases in the Mariana Islands from which our Superfortresses bomb Tokyo itself—and will continue to blast Japan in ever increasing numbers.

Japanese forces in the Philippines have been cut in two. There is still hard fighting ahead—costly fighting. But the liberation of the Philippines will mean that Japan has been largely cut off from her conquest in the East Indies.

The landing of our troops on Leyte was the largest amphibious operation thus far conducted in the Pacific.

Moreover, these landings drew the Japanese fleet into the first great sea battle which Japan has risked in almost two years. Not since the night engagements around Guadalcanal in November-December 1942, had our Navy been able to come to grips with major units of the Japanese fleet. We had brushed against their fleet in the first battle of the Philippine Sea in June, 1944, but not until last October were we able really to engage a major portion of the Japanese navy in actual combat. The naval engagement, which raged for three days, was the heaviest blow ever struck against Japanese sea power.

As the result of that battle, much of what is left of the Japanese fleet has been driven behind the screen of islands that separates the Yellow Sea, the China Sea and the Sea of Japan from the Pacific.

Our Navy looks forward to any opportunity which the lords of the Japanese Navy will give us to fight them again.

The people of this nation have a right to be proud of the courage and fighting ability of the men in the armed forces—on all fronts. They also have a right to be proud of American leadership which has guided their sons into battle.

The history of the generalship of this war has been a history of teamwork and co-operation, of skill and daring. Let me give you one example out of last year's operations in the Pacific.

Last September Admiral Halsey led American task forces into Philippine waters and north to the East China Sea, and struck heavy blows at Japanese air and sea power.

At that time it was our plan to approach the Philippines by further stages, taking islands which we may call A, C and E. However, Admiral Halsey reported that a direct attack on Leyte appeared feasible. When General MacArthur received the reports from Admiral Halsey's task forces, he also concluded that it might be possible to attack the Japanese in the Philippines directly—by-passing islands A, C and E.

Admiral Nimitz thereupon offered to make available to General MacArthur several divisions which had been scheduled to take the intermediate objectives. These discussions, conducted at great distance, all took place in one day.

General MacArthur immediately informed the Joint Chiefs of Staff here in Washington that he was prepared to initiate plans for an attack on Leyte in October. Approval of the change in plan was given on the same day.

Thus, within the space of twenty-four hours, a major change of plans was accomplished which involved Army and Navy forces from two different theaters of operations—a change which hastened the liberation of the Philippines and the final day of victory —a change which saved lives which would have been expended in the capture of islands which are now neutralized far behind our lines.

Aid to China

Our over-all strategy has not neglected the important task of rendering all possible aid to China. Despite almost insuperable difficulties, we increased this aid during 1944. At present our aid to China must be accomplished by air transport—there is no other way. By the end of 1944 the Air Transport Command was carrying into China a tonnage of supplies three times as great as that delivered a year ago, and much more, each month, than the Burma Road ever delivered at its peak.

Despite the loss of important bases in China, the tonnage delivered by air transport has enabled General Chennault's 14th Air Force, which includes many Chinese flyers, to wage an effective and aggressive campaign against the Japanese. In 1944 aircraft of the 14th Air Force flew more than 35,000 sorties against the Japanese and sank an enormous tonnage of enemy shipping, greatly diminishing the usefulness of the China Sea lanes.

British, Dominion and Chinese forces together with our own have not only held the line in Burma against determined Japanese attacks but have gained bases of considerable importance to the supply line into China.

The Burma campaigns have involved incredible hardship and have demanded exceptional fortitude and determination. The officers and men who have served with so much devotion in these far distant jungles and mountains deserve high honor from their countrymen.

In all of the far-flung operations of our own armed forces—on land and sea and in the air—the final job, the toughest job, has been performed by the average, easy-going, hard-fighting young American who carries the weight of battle on his own shoulders.

It is to him that we and all future generation of Americans must pay grateful tribute.

But—it is of small satisfaction to him to know that monuments will be raised to him in the future. He wants, he needs and he is entitled to insist upon our full and active support—now.

Need of Increasing Production Goals

Although unprecedented production figures have made possible our victories, we shall have to increase our goals even more in certain items.

Peak deliveries of supplies were made to the War Department in December, 1943. Due in part to cutbacks we have not produced as much since then. Deliveries of Army supplies were down by 15% by July, 1944, before the upward trend was once more resumed.

Because of increased demands from overseas, the Army Service Forces in the month of October, 1944, had to increase its estimate of required production by 10%. But in November, one month later, the requirements for 1945 had to be increased another 10%, sending the production goal well above anything we have yet attained. Our armed forces in combat have steadily increased their expenditure of medium and heavy artillery ammunition. As we continue the decisive phases of this war, the munitions that we expend will mount day by day.

In October, 1944, while some were saying the war in Europe was over, the Army was shipping more men to Europe than in any previous month of the war.

More Nurses Called For

One of the most urgent immediate requirements of the armed forces is more nurses. Last April the Army requirements for nurses was set at 50,000. Actual strength in nurses was then 40,000. Since that time the Army has tried to raise the additional 10,000. Active recruiting has been carried on, but the net gain in eight months has been only 2,000. There are now 42,000 nurses in the Army.

The present shortage of Army nurses is reflected in undue strain on the existing force. More than 1,000 nurses are now hospitalized, and part of this is due to overwork. The shortage is also indicated by the fact that eleven Army hospital units have been sent overseas without their complement of nurses. At Army hospitals in the United States there is only one nurse to 26 beds, instead of the recommended one to 15.

It is tragic that the gallant women who have volunteered for service as nurses should be so overworked. It is tragic that our wounded men should ever want for the best possible nursing care.

The inability to get the needed nurses for the Army is not due to any shortage of nurses. Two hundred and eighty thousand registered nurses are now practicing in this country. It has been estimated by the War Manpower Commission that 27,000 additional nurses could be made available to the armed forces without interfering too seriously with the needs of the civilian population for nurses.

Since volunteering has not produced the number of nurses required, I urge that the Selective Service act be amended to provide for the induction of nurses into the armed forces. The need is too pressing to await the outcome of further efforts at recruiting.

The care and treatment given to our wounded and sick soldiers have been the best known to medical science. Those standards must be maintained at all costs. We cannot tolerate a lowering of them by failure to provide adequate nursing for the brave men who stand desperately in need of it.

In the continuing progress of this war we have constant need for new types of weapons. For we cannot afford to fight the war of today or tomorrow with the weapons of yesterday. For example, the American Army now has developed a new tank with a gun more powerful than any yet mounted on a fast-moving vehicle. The Army will need many thousands of these new tanks in 1945.

Almost every month finds some new development in electronics which must be put into production in order to maintain our technical superiority—and in order to save lives. We have to work every day to keep ahead of the enemy in radar. On D Day, in France, with our superior new equipment, we located and then put out of operation every warning set which the Germans had along the French coast.

If we do not keep constantly ahead of our enemies in the development of new weapons, we pay for our backwardness with the life's blood of our sons.

Urgency of War Workers to Stay on Job

The only way to meet these increased needs for new weapons and more of them is for every American engaged in war work to stay on his war job—for additional American civilians, men and women, not engaged in essential work, to go out and get a war job. Workers who are released because their production is cut back should get another job where production is being increased. This is no time to quit or change to less essential jobs.

There is an old and true saying that the Lord hates a quitter. And this nation must pay for all those who leave their essential jobs—or all those who lay down on their essential jobs for non-essential reasons. And—again—that payment must be made with the life's blood of our sons.

Many critical production programs with sharply rising needs are now seriously hampered by man-power shortages. The most important Army needs are artillery, ammunition, cotton duck, bombs, tires, tanks, heavy trucks and even B-29's. In each of these vital programs, present production is behind requirements.

Navy production of bombardment ammunition is hampered by man-power shortages; so is production for its huge rocket program. Labor shortages have also delayed its cruiser and carrier programs, and production of certain types of aircraft.

There is critical need for more repair workers and repair parts; this lack delays the return of damaged fighting ships to their places in the fleet, and prevents ships now in the fighting line from getting needed overhauling.

The pool of young men under twenty-six classified as 1-A is almost depleted. Increased replacements for the armed forces will take men now deferred who are at work in war industry. The armed forces must have an assurance of a steady flow of young men for replacements. Meeting this paramount need will be difficult, and will also make it progressively more difficult to attain the 1945 production goals.

Enactment of National Service Act Urged

Last year, after much consideration, I recommended that the Congress adopt a national service act as the most efficient and democratic way of insuring full production for our war requirements. This recommendation was not adopted.

I now again call upon the Congress to enact this measure for the total mobilization of all our human resources for the prosecution of the war. I urge that this be done at the earliest possible moment. It is not too late in the war. In fact, bitter experience has shown that in this kind of mechanized warfare where new weapons are constantly being created by our enemies and by ourselves, the closer we come to the end of the war, the more pressing becomes the need for sustained war production with which to deliver the final blow to the enemy.

There are three basic arguments for a national service law.

First—It would assure that we have the right numbers of workers in the right places at the right times.

Second—It would provide supreme proof to all our fighting men that we are giving them what they are entitled to, which is nothing less than our total effort.

And—third—it would be the final, unequivocal answer to the hopes of the Nazis and the Japanese that we may become halfhearted about this war and that they can get from us a negotiated peace.

National service legislation would make it possible to put ourselves in a position to assure certain and speedy action in meeting our man-power needs.

It would be used only to the extent absolutely required by military necessities. In fact, experience in Great Britain and in other nations at war indicates that use of the compulsory powers of national service is necessary only in rare instances.

This proposed legislation would provide against loss of retirement and seniority rights and benefits. It would not mean reduction in wages.

In adopting such legislation, it is not necessary to discard the voluntary and co-operative processes which have prevailed up to this time. This co-operation has already produced great results. The contribution of our workers to the war effort has been beyond measure. We must build on the foundations that have already been laid and supplement the measures now in operation, in order to guarantee the production that may be necessary in the critical period that lies ahead.

At the present time we are using the inadequate tools at hand to do the best we can by such expedients as man-power ceilings, and the use of priority and other powers, to induce men and women to shift from non-essential to essential war jobs.

I am in receipt of a joint letter from the Secretary of War and the Secretary of the Navy, dated Jan. 3, 1945, which says:

"With the experience of three years of war and after the most thorough consideration, we are convinced that it is now necessary to carry out the statement made by the Congress in the joint resolutions declaring that a state of war existed with Japan and Germany: That 'to bring the conflict to a successful conclusion, all of the resources of the country are hereby pledged by the Congress of the United States.'

"In our considered judgment, which is supported by General Marshall and Admiral King, this requires total mobilization of our man-power by the passage of a war service law. The armed forces need this legislation to hasten the day of final victory, and to keep to a minimum the cost in lives.

"National war service, the recognition by law of the duty of every citizen to do his or her part in winning the war, will give complete assurance that the need for war equipment will be filled. In the coming year we must increase the output of many weapons and supplies on short notice. Otherwise we shall not keep our production abreast of the swiftly changing needs of war. At the same time it will be necessary to draw progressively many men now engaged in war production to serve with the armed forces, and their places in war production must be filled promptly. These developments will require the addition of hundreds of thousands to those already working in war industry. We do not believe that these needs can be met effectively under the present methods.

"The record made by management and labor in war industry has been a notable testimony to the resourcefulness and power of America. The needs are so great, nevertheless, that in many instances we have been forced to recall soldiers and sailors from military duty to do work of a civilian character in war production, because of the urgency of the need for equipment and because of inability to recruit civilian labor."

Pending action by the Congress on the broader aspects of national service I recommend that the Congress immediately enact legislation which will be effective in

(Continued on page 194)

FDR Again Calls For Enactment Of National Service Act

C(ontinued from page 193)

using the services of the 4,000,000 men now classified as 4-F in whatever capacity is best for the war effort.

Foreign Policy

In the field of foreign policy, we propose to stand together with the United Nations not for the war alone but for the victory for which the war is fought.

It is not only a common danger which unites us but a common hope. Ours is an association not of governments but of peoples—and the peoples' hope is peace. Here, as in England; in England, as in Russia; in Russia, as in China; in France, and through the continent of Europe, and throughout the world; wherever men love freedom, the hope and purpose of the peoples are for peace—a peace that is durable and secure.

It will not be easy to create this peoples' peace. We delude ourselves if we believe that the surrender of the armies of our enemies will make the peace we long for. The unconditional surrender of the armies of our enemies is the first and necessary step—but the first step only.

We have seen already, in areas liberated from the Nazi and Fascist tyranny, what problems peace will bring. And we delude ourselves if we attempt to believe wishfully that all these problems can be solved overnight.

The firm foundation can be built—and it will be built. But the continuance and assurance of a living peace must, in the long run, be the work of the people themselves.

We ourselves, like all peoples who have gone through the difficult processes of liberation and adjustment, know of our own experience how great the difficulties can be. We know that they are not difficulties peculiar to any continent or any nation. Our own Revolutionary War left behind it, in the words of one American historian, "an eddy of lawlessness and disregard of human life." There were separatist movements of one kind or another in Vermont, Pennsylvania, Virginia, Tennessee, Kentucky and Maine. There were insurrections, open or threatened, in Massachusetts and New Hampshire. These difficulties we worked out for ourselves as the peoples of the liberated areas of Europe, faced with complex problems of adjustment, will work out their difficulties for themselves.

International Co-operation Required to Effect Enduring Peace

Peace can be made and kept only by the united determination of free and peace-loving peoples who are willing to work together—willing to help one another—willing to respect and tolerate and try to understand one another's opinions and feelings.

The nearer we come to vanquishing our enemies the more we inevitably become conscious of differences among the victors.

We must not let those differences divide us and blind us to our more important common and continuing interests in winning the war and building the peace.

International co-operation on which enduring peace must be based is not a one-way street.

Nations, like individuals, do not always see alike or think alike, and international co-operation and progress are not helped by any nation assuming that it has a monopoly of wisdom or of virtue.

In the future world the misuse of power, as implied in the term "power politics," must not be a controlling factor in international relations. That is the heart of the principles to which we have subscribed. We cannot deny that power is a factor in world politics any more than we can deny its existence as a factor in national politics. But in a democratic world, as in a democratic nation, power must be linked with responsibility and obliged to defend and justify itself within the framework of the general good.

Perfectionism, no less than isolationism or imperialism or power politics, may obstruct the paths to international peace. Let us not forget that the retreat to isolationism a quarter of a century ago was started not by a direct attack against international co-operation but against the alleged imperfections of the peace.

In our disillusionment after the last war we preferred international anarchy to international co-operation with nations which did not see and think exactly as we did. We gave up the hope of gradually achieving a better peace because we had not the courage to fulfill our responsibilities in an admittedly imperfect world.

We must not let that happen again or we shall follow the same tragic road again—the road to a third world war.

We can fulfill our responsibilities for maintaining the security of our own country only by exercising our power and our influence to achieve the principles in which we believe and for which we have fought.

Principles of Atlantic Charter

In August, 1941, Prime Minister Churchill and I agreed to the principles of the Atlantic Charter, these being later incorporated into the declaration by United Nations of Jan. 1, 1942. At the time certain isolationists protested vigorously against our right to proclaim the principles—and against the very principles themselves. Today many of the same people are protesting against the possibility of violation of the same principles.

It is true that the statement of principles in the Atlantic Charter does not provide rules of easy application to each and every one of this war-torn world's tangled situations, but it is a good and useful thing—it is an essential thing—to have principles toward which we can aim.

And we shall not hesitate to use our influence—and to use it now—to secure so far as is humanly possible the fulfillment of the principles of the Atlantic Charter. We have not shrunk from the military responsibilities brought on by this war. We cannot and will not shrink from the political responsibilities which follow in the wake of battle.

I do not wish to give the impression that all mistakes can be avoided and that many disappointments are not inevitable in the making of peace. But we must not this time lose the hope of establishing an international order which will be capable of maintaining peace and realizing through the years more perfect justice between nations.

To do this we must be on our guard not to exploit and exaggerate the differences between us and our Allies, particularly with reference to the peoples who have been liberated from Fascist tyranny. That is not the way to secure a better settlement of those differences or to secure international machinery which can rectify mistakes which may be made.

I should not be frank if I did not admit concern about many situations—the Greek and Polish for example. But those situations are not as easy or as simple to deal with as some spokesmen, whose sincerity I do not question, would have us believe. We have obligations, not necessarily legal, to the exiled governments, to the underground leaders and to our major Allies who came much nearer the shadows than we did.

Self Government for All Nations Advocated

We and our Allies have declared that is our purpose to respect the right of all peoples to choose the form of government under which they will live and to see sovereign rights and self-government restored to those who have been forcibly deprived of them. But with internal dissension, with many citizens of liberated countries still prisoners of war or forced to labor in Germany, it is difficult to guess the kind of self-government the people really want.

During the interim period, until conditions permit a genuine expression of the peoples' will, we and our Allies have a duty, which we cannot ignore, to use our influence to the end that no temporary or provisional authorities in the liberated countries block the eventual exercise of the peoples' right freely to choose the government and institutions under which, as free men, they are to live.

It is only too easy for all of us to rationalize what we want to believe, and to consider those leaders we like responsible and those we dislike irresponsible. And our task is not helped by stubborn partisanship, however understandable, on the part of opposed internal factions.

It is our purpose to help the peace-loving peoples of Europe to live together as good neighbors, to recognize their common interests and not to nurse their traditional grievances against one another.

But we must not permit the many specific and immediate problems of adjustment connected with the liberation of Europe to delay the establishment of permanent machinery for the maintenance of peace. Under the threat of a common danger the United Nations joined together in war to preserve their independence and their freedom. They must now join together to make secure the independence and freedom of all peace-loving states, so that never again shall tyranny be able to divide and conquer.

International peace and well-being, like national peace and well-being, require constant alertness, continuing co-operation and organized effort.

International peace and well-being, like national peace and well-being, can be secured only through institutions capable of life and growth.

Many of the problems of the peace are upon us even now while the conclusion of the war is still before us. The atmosphere of friendship and mutual understanding and determination to find a common ground of common understanding, which surrounded the conversations at Dumbarton Oaks, gives us reason to hope that future discussions will succeed in developing the democratic and fully integrated world-security system toward which these preparatory conversations were directed.

We and the other United Nations are going forward, with vigor and resolution, in our efforts to create such a system by providing for it strong and flexible institutions of joint and co-operative action.

The aroused conscience of humanity will not permit failure in this supreme endeavor.

Supports Freedom of Trade

We believe that the extraordinary advances in the means of inter-communication between peoples over the past generation offer a practical method of advancing the mutual understanding upon which peace and the institutions of peace must rest, and it is our policy and purpose to use these great technological achievements for the common advantage of the world.

We support the greatest possible freedom of trade and commerce.

We Americans have always believed in freedom of opportunity, and equality of opportunity remains one of the principal objectives of our national life. What we believe in for individuals, we believe in also for nations. We are opposed to restrictions, whether by public act or private arrangement, which distort and impair commerce, transit and trade.

We have housecleaning of our own to do in this regard. But it is our hope, not only in the interest of our own prosperity, but in the interest of the prosperity of the world, that trade and commerce and access to materials and markets may be freer after this war than ever before in the history of the world.

Return of France to United Nations

One of the most heartening events of the year in the international field has been the renaissance of the French people and the return of the French nation to the ranks of the United Nations. Far from having been crushed by the terror of Nazi domination, the French people have emerged with stronger faith than ever in the destiny of their country and in the soundness of the democratic ideals to which the French nation has traditionally contributed so greatly.

During her liberation, France has given proof of her unceasing determination to fight the Germans, continuing the heroic efforts of the resistance groups under the occupation and of all those Frenchmen throughout the world who refused to surrender after the disaster of 1940.

Today French armies are again on the German frontier, and are again fighting shoulder to shoulder with our sons.

Since our landing in Africa, we have placed in French hands all the arms and material of war which our resources and the military situation permitted. And I am glad to say that we are now about to equip new French forces with the most modern weapons for combat duty.

In addition to the contribution which France can make to our common victory, her liberation likewise means that her great influence will again be available in meeting the problems of peace.

We fully recognize France's vital interest in a lasting solution of the German problem and the contribution which she can make in achieving international security. Her formal adherence to the declaration by United Nations a few days ago and the proposal at the Dumbarton Oaks discussions, whereby France would receive one of the five permanent seats in the proposed security council, demonstrate the extent to which France has resumed her proper position of strength and leadership.

Regards Universal Training Essential

I am clear in my own mind that, as an essential factor in the maintenance of peace in the future, we must have universal military training after this war, and I shall send a special message to the Congress on this subject.

An enduring peace cannot be achieved without a strong America—strong in the social and economic sense as well as in the military sense.

In the state of the union message last year, I set forth what I considered to be an American economic bill of rights.

Would Establish New Basis of Security and Prosperity

I said then, and I say now, that these economic truths represent a second bill of rights under which a new basis of security and prosperity can be established for all—regardless of station, race or creed.

Of these rights, the most fundamental, and one on which the fulfillment of the others in a large degree depends, is the "right to a useful and remunerative job in the industries or shops or farms or mines of the nation." In turn, others of the economic rights of American citizenship, such as the right to a decent home, to a good education, to good medical care, to social security, to reasonable farm income, will, if fulfilled, make major contributions to achieving adequate levels of employment.

The Federal government must see to it that these rights become realities—with the help of states, municipalities, business, labor and agriculture.

We have had full employment during the war. We have had it because the government has been ready to buy all the materials of war which the country could produce—and this has amounted to approximately half our present productive capacity.

After the war we must maintain full employment, with government performing its peacetime functions. This means that we must achieve a level of demand and purchasing power by private consumers — farmers, business men, workers, professional men, housewives—which is sufficiently high to replace war-time Government demands, and it means also that we must greatly increase our export trade above the pre-war level.

Holds to Reliance on Private Enterprise to Provide Jobs

Our policy is, of course, to rely as much as possible on private enterprise to provide jobs. But the American people will not accept mass unemployment or mere makeshift work. There will be need for the work of every one willing and able to work—and that means close to 60,000,000 jobs.

Full employment means not only jobs—but productive jobs. Americans do not regard jobs that pay substandard wages as productive jobs.

We must make sure that private enterprise works as it is supposed to work—on the basis of initiative and vigorous competition, without the stifling presence of monopolies and cartels.

During the war we have guaranteed investment in enterprise essential to the war effort. We should also take appropriate measures in peace time to secure opportunities for new small enterprises and for productive business expansion for which finance would otherwise be unavailable.

This necessary expansion of our peace-time productive capacity will require new facilities, new plants and new equipment.

It will require large outlays of money which should be raised through normal investment channels. But while private capital should finance this expansion program the government should recognize its responsibility for sharing part of any special or abnormal risk of loss attached to such financing.

Development of Natural Resources

Our full-employment program requires the extensive development of our natural resources and other useful public works. The undeveloped resources of this continent are still vast. Our river-watershed projects will add new and fertile territories to the United States. The TVA, which was constructed at a cost of $750,000,000—the cost of waging this war for less than four days—was a bargain. We have similar opportunities in our other great river basins. By harnessing the resources of these river basins, as we have in the Tennessee Valley, we shall provide the same kind of stimulus to enterprise as was provided by the Louisiana Purchase and the new discoveries in the West during the nineteenth century.

If we are to avail ourselves fully of the benefits of civil aviation, and if we are to use the automobiles we can produce, it will be necessary to construct thousands of airports and to overhaul our entire national highway system.

The provision of a decent home for every family is a national necessity, if this country is to be worthy of its greatness—and that task will itself create great employment opportunities. Most of our cities need extensive rebuilding. Much of our farm plant is in a state of disrepair. To make a frontal attack on the problems of housing and urban reconstruction will require thoroughgoing co-operation between industry and labor, and the Federal, state and local governments.

Expansion of Social-Security Program

An expanded social-security program and adequate health and education programs must play essential roles in a program designed to support individual productivity and mass purchasing power. I shall communicate further with the Congress on these subjects at a later date.

The millions of productive jobs that a program of this nature could bring are jobs in private enterprise. They are jobs based on the expanded demand for the output of our economy for consumption and investment. Through a program of this character we can maintain a national income high enough to provide for an orderly retirement of the public debt along with reasonable tax reduction.

Our present tax system geared primarily to war requirements must be revised for peace time so as to encourage private demand.

Tax Modification After War

While no general revision of the tax structure can be made until the war ends on all fronts, the Congress should be prepared to provide tax modifications at the end of the war in Europe, designed to encourage capital to invest in new enterprises and to provide jobs. As an integral part of this program to maintain high employment, we must, after the war is over, reduce or eliminate taxes which bear too heavily on consumption.

The war will leave deep disturbances in the world economy, in our national economy, in many communities, in many families, and in many individuals. It will require determined effort and responsible action of all of us to find our way back to peace time, and to help others to find their way back to peace time—a peace time that holds the values of the past and the promise of the future.

If we attack our problems with determination we shall succeed. And we must succeed. For freedom and peace cannot exist without security.

Sees Congress, The Executive and Judiciary Working Together For Common Good

During the last year the American people, in a national election, reasserted their democratic faith.

In the course of that campaign, various references were made to "strife" between this Administration and the Congress, with the implication, if not the direct assertion, that this Administration and the Congress could never work together harmoniously in the service of the nation.

It cannot be denied that there have been disagreements between the legislative and executive branches—as there have been disagreements during the last century and a half.

I think we all realize, too, that there are some people in this capital city whose task is in large part to stir up dissension, and to magnify normal healthy disagreements so that they appear to be irreconcilable conflicts.

But I think that the over-all record in this respect is eloquent; the government of the United States of America—all branches of it — has a good record of achievement in this war.

The Congress, the executive, and the judiciary have worked together for the common good.

I myself want to tell you, the members of the Senate and of the House of Representative, how happy I am in our relationships and friendships. I have not yet had the pleasure of meeting some of the new members in each house, but I hope that opportunity will offer itself in the near future.

We have a great many problems ahead of us and we must approach them with realism and courage.

This new year of 1945 can be the greatest year of achievement in human history.

Nineteen forty-five can see the final ending of the Nazi-Fascist reign of terror in Europe.

Nineteen forty-five can see the closing in of the forces of retribution about the center of the malignant power of. imperialistic Japan.

Most important of all—1945 can and must see the substantial beginning of the organization of world peace. This organization must be the fulfillment of the promise for which men have fought and died in this war. It must be the justification of all the sacrifices that have been made—of all the dreadful misery that this world has endured.

We Americans of today, together with our allies, are making history—and I hope it will be better history than ever has been made before.

We pray that we may be worthy of the unlimited opportunities that God has given us.

FRANKLIN D. ROOSEVELT.
The White House,
Jan. 6, 1945.

National Fertilizer Association Commodity Price Index Unchanged

The weekly wholesale commodity price index, compiled by The National Fertilizer Association, remained at 140.1 in the week ending Jan. 6, 1945, the same as in the previous week. A month ago the index registered 139.6, and a year ago 136.4, based on the 1935-1939 average as 100.

Four of the composite groups of the index advanced during the latest week and one declined. The general level of the farm products group again advanced, with the cotton and grains subgroups advancing and the livestock subgroup declining. Quotations for wheat and rye were higher and all other grains remained unchanged. Declining prices for hogs and eggs more than offset higher quotations for cattle, lambs, sheep and poultry, thus causing the livestock subgroup to decline. The textiles group advanced because of higher prices for cotton. Building material showed a slight rise due to higher prices for zinc oxide. The chemicals and drugs index also showed an upturn because of higher quotations for quebracho. The only group that declined was the foods index, and it declined to the level of six weeks ago. Lower prices for eggs and flour were responsible for this. All other groups in the index remained unchanged.

During the week 11 price series in the index advanced and 4 declined; in the preceding week there were 10 advances and 1 decline; in the second preceding week there were 9 advances and 5 declines.

WEEKLY WHOLESALE COMMODITY PRICE INDEX
Compiled by The National Fertilizer Association
1935-1939=100*

% Each Group Bears to the Total Index	Group	Latest Week Jan. 6, 1945	Preceding Week Dec. 30, 1944	Month Ago Dec. 9, 1944	Year Ago Jan. 8, 1944
25.3	Food	143.9	144.5	144.3	139.7
	Fats and Oils	144.6	144.6	145.1	146.1
	Cottonseed Oil	160.7	160.7	163.1	159.6
23.0	Farm Products	165.9	165.5	163.6	154.2
	Cotton	207.2	205.3	203.5	190.8
	Grains	159.9	158.9	159.7	164.6
	Livestock	161.4	161.5	158.8	145.1
17.3	Fuels	130.4	130.4	130.4	127.6
10.8	Miscellaneous Commodities	133.4	133.4	133.2	131.4
8.2	Textiles	156.1	155.8	155.1	150.5
7.1	Metals	105.8	105.8	105.7	104.4
6.1	Building Materials	154.1	154.0	154.1	152.4
1.3	Chemicals and Drugs	125.4	125.1	125.1	127.7
.3	Fertilizer Materials	118.3	118.3	118.3	117.7
.3	Fertilizers	119.9	119.9	119.9	119.9
.3	Farm Machinery	104.8	104.8	104.7	104.2
100.0	All groups combined	140.1	140.1	139.6	136.4

*Indexes on 1926-1928 base were: Jan. 6, 1945, 109.1; Dec. 30, 1944, 109.1, and Jan. 8, 1944, 106.3.

Moody's Bond Prices And Bond Yield Averages

Moody's computed bond prices and bond yield averages are given in the following table.

MOODY'S BOND PRICES†
(Based on Average Yields)

1944-45— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Jan. 9, 1945	120.79	113.50	119.00	117.80	113.31	104.66	108.70	113.70	118.40
8	120.78	113.50	119.00	117.80	113.31	104.66	108.70	113.70	118.20
6	120.67	113.50	119.00	117.80	113.50	104.66	108.70	113.89	118.20
5	120.66	113,50	119,00	117.80	113.50	104.66	108.70	113.89	118.20
4	120.66	113.50	119.00	117.80	113.50	104.48	108.70	113.89	118.20
3	120.62	113.50	118.80	117.80	113.50	104.48	108.70	113.89	118.20
2	120.55	113.50	119.00	117.80	113.31	104.48	108.52	113.89	118.20
1	Stock Exchange Closed								
Dec. 29, 1944	120.55	113.50	119.00	117.80	113.31	104.48	108.70	113.70	118.20
22	120.55	113.50	119.00	117.80	113.31	104.48	108.70	113.89	118.00
15	120.17	113.50	119.00	117.80	113.50	104.48	108.70	113.89	118.00
8	120.09	113.31	119.00	117.80	113.31	104.14	108.34	113.70	118.20
1	119.95	113.31	118.80	117.80	113.50	104.14	108.34	113.89	118.20
Nov. 24	119.93	112.93	118.60	117.20	113.12	103.80	107.98	113.50	117.80
17	119.97	112.93	118.60	117.20	113.12	103.64	107.80	113.50	117.60
10	119.77	112.75	118.40	117.00	112.93	103.30	107.62	113.31	117.40
3	119.55	112.75	118.40	116.80	112.93	103.47	107.62	113.31	117.20
Oct. 27	119.33	112.56	118.40	116.61	112.93	103.47	107.62	113.50	117.20
Sep. 29	119.50	112.56	118.60	116.80	112.56	103.13	106.74	114.08	117.00
Aug. 25	119.89	112.75	118.80	117.40	112.19	103.30	106.74	114.27	117.20
July 28	120.10	112.37	118.60	116.80	112.19	103.13	106.56	114.27	117.00
June 30	120.15	112.37	118.60	116.80	112.00	102.80	106.04	113.89	117.40
May 26	119.66	112.19	118.40	116.80	111.81	102.30	105.86	113.89	117.00
Apr. 28	119.35	111.81	118.40	116.61	111.62	101.47	105.34	113.70	116.41
Mar. 31	119.68	111.44	118.20	116.41	111.25	100.81	104.66	113.70	116.22
Feb. 25	120.21	111.25	118.20	116.41	111.07	100.32	104.31	113.50	116.22
Jan. 28	119.47	111.07	118.20	116.22	111.07	100.16	104.14	113.31	116.41
High 1944-45	120.78	113.50	119.20	118.00	113.70	104.66	108.70	114.27	118.20
Low 1944-45	119.20	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
High 1944	120.58	113.50	119.20	118.00	113.70	104.48	108.70	114.27	118.20
Low 1944	119.20	110.70	118.20	116.22	110.88	99.04	103.30	113.12	116.02
1 Year Ago									
Jan. 8, 1944	119.71	111.07	118.60	116.41	111.07	99.36	103.80	113.50	116.22
2 Years Ago									
Jan. 9, 1943	117.04	107.62	116.80	114.08	109.06	93.08	97.62	112.00	114.66

MOODY'S BOND YIELD AVERAGES
(Based on Individual Closing Prices)

1944-45— Daily Averages	U. S. Govt. Bonds	Avge. Corporate*	Corporate by Ratings*				Corporate by Groups*		
			Aaa	Aa	A	Baa	R. R.	P. U.	Indus.
Jan. 9, 1945	1.78	2.98	2.70	2.76	2.99	3.47	3.24	2.97	2.73
8	1.78	2.98	2.70	2.76	2.99	3.47	3.24	2.97	2.74
6	1.78	2.98	2.70	2.76	2.98	3.47	3.24	2.96	2.74
5	1.79	2.98	2.70	2.76	2.98	3.47	3.24	2.96	2.74
4	1.79	2.98	2.70	2.76	2.98	3.48	3.24	2.96	2.74
3	1.79	2.98	2.71	2.76	2.98	3.48	3.24	2.96	2.74
2	1.80	2.98	2.70	2.76	2.99	3.48	3.25	2.96	2.74
1	Stock Exchange Closed								
Dec. 29, 1944	1.80	2.98	2.70	2.76	2.99	3.48	3.24	2.97	2.74
22	1.80	2.98	2.70	2.76	2.99	3.48	3.24	2.96	2.75
15	1.82	2.98	2.70	2.76	2.98	3.48	3.24	2.96	2.75
8	1.83	2.99	2.70	2.76	2.99	3.50	3.26	2.97	2.74
1	1.84	2.99	2.71	2.76	2.98	3.50	3.26	2.96	2.74
Nov. 24	1.84	3.01	2.72	2.79	3.00	3.52	3.28	2.98	2.76
17	1.84	3.01	2.72	2.79	3.00	3.53	3.29	2.98	2.77
10	1.86	3.02	2.73	2.80	3.01	3.55	3.30	2.99	2.78
3	1.87	3.02	2.73	2.81	3.01	3.54	3.30	2.99	2.79
Oct. 27	1.89	3.03	2.73	2.82	3.01	3.54	3.30	2.98	2.79
Sep. 29	1.84	3.03	2.72	2.81	3.03	3.56	3.35	2.95	2.80
Aug. 25	1.81	3.02	2.71	2.78	3.05	3.55	3.35	2.94	2.79
July 28	1.79	3.04	2.72	2.81	3.05	3.56	3.36	2.94	2.60
June 30	1.79	3.04	2.72	2.81	3.06	3.58	3.39	2.96	2.78
May 26	1.84	3.05	2.73	2.81	3.07	3.61	3.40	2.96	2.80
Apr. 28	1.86	3.07	2.73	2.82	3.08	3.66	3.43	2.97	2.83
Mar. 31	1.83	3.09	2.74	2.83	3.10	3.70	3.47	2.97	2.84
Feb. 25	1.81	3.10	2.74	2.83	3.11	3.73	3.49	2.98	2.84
Jan. 28	1.87	3.11	2.74	2.84	3.11	3.74	3.50	2.99	2.83
High 1944-45	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944-45	1.77	2.98	2.69	2.75	2.97	3.47	3.24	2.94	2.74
High 1944	1.87	3.13	2.74	2.84	3.12	3.81	3.55	3.00	2.85
Low 1944	1.77	2.98	2.69	2.75	2.97	3.48	3.24	2.94	2.74
1 Year Ago									
Jan. 8, 1944	1.85	3.11	2.72	2.83	3.11	3.79	3.52	2.98	2.84
2 Years Ago									
Jan. 9, 1943	2.07	3.30	2.81	2.95	3.22	4.20	3.90	3.06	2.92

*These prices are computed from average yields on the basis of one "typical" bond (3¾% coupon, maturing in 25 years) and do not purport to show either the average level or the average movement of actual price quotations. They merely serve to illustrate in a more comprehensive way the relative levels and the relative movement of yield averages, the latter being the true picture of the bond market.

†The latest complete list of bonds used in computing these indexes was published in the issue of Jan. 14, 1943, page 202.

From Washington Ahead of The News

(Continued from first page)

of the hat, the suspense was maintained. Countless people voted for his Fourth Term reelection with the feeling that with victory right on the edge, it would be dangerous to change horses.

Now, after the election and instead of that victory on the Western front we have been kicked all over the place. That the people are terribly disappointed is something felt by every Congressman and correspondent in Washington. It is manifest, too, that the people are terribly disillusioned about how the Atlantic Charter is working out. The Washington correspondents are writing about this unrest and the Congressmen coming here for the 79th Congress feel it. The result is that a merry ruckus has been expected by all. The expectation has been that Congress was prepared for the first time to take up a full inquiry into the war, what is its purpose, what has happened, is it being conducted efficiently and a thousand of other questions. Congress, reflecting the attitude of its constituents, has been supposed to be in a belligerent mood.

In this situation, we don't want to pick up the analogy of Mussolini's excursion into Ethiopia to divert questioning when he was on the spot, but the same thing is happening nevertheless.

Into the pot-boiler that is Congress and the American forum of controversy, has been thrown the question of making the 4-F's "work or fight," the question of drafting nurses and the question of universal service. That should occupy Congress for the next few months to the extent of making it forget about inquiries on the war.

Already, we find the country engrossed with these propositions. We see the questioning about what has happened on the Western front and about what is happening to the Atlantic Charter, being pushed more and more into the background. The thing you are likely to find Congress engaged in for the next few months is the proposition of whether we should draft the nurses, whether we should make the 4-F's work or fight, and whether we should have universal service. There ought to be and probably will be, enough debate involved wholly to erase any questioning about what has happened on the Western front, or about that highly academic instrument, the Atlantic Charter.

What is not generally understood is that the greatest array of "psychologists" which the world has ever known, not even in the dictator countries, are on the payroll here in Washington. Those fellows have charts and diagrams of people on the walls of their offices and by sticking a pin here and a pin there they can tell how the body politic will squirm, and what will make it squirm in a particular way.

We don't say that all of the hullabalee now about nurses, 4-F's and universal service, to say nothing of compulsory military service after the war, is definitely calculated to divert our attention. But let's see if that isn't what happens. Let's see, too, if anything is done in Congress about any of the proposals.

Moody's Daily Commodity Index

Tuesday, Jan. 2, 1945	254.8
Wednesday, Jan. 3	255.0
Thursday, Jan. 4	254.6
Friday, Jan. 5	254.7
Saturday, Jan. 6	254.7
Monday, Jan. 8	255.3
Tuesday Jan. 9	254.3
Two weeks ago, Dec. 26, 1944	254.0
Month ago, Dec. 9	250.2
Year Ago, Jan. 8	247.3
1943 High, April 1	249.8
Low, Jan. 2	240.2
1944 High, Jan. 8	255.3
Low, Jan. 4	254.6

Wholesale Prices at New Wartime Peak For Week Ended Dec. 30, Says Labor Dept.

"Higher prices for livestock and its products during the last week of 1944 brought the Bureau of Labor Statistics' index of commodity prices at the primary market level to a new wartime peak," said the U. S. Department of Labor in its Jan. 4 release which continued: "The all-commodity index rose to 104.7% of the 1926 average representing an increase of 0.5% in the past 4 weeks and a gain of 1.7% over the corresponding week of 1943."

The Department's announcement further said:

"Farm Products and Foods—A further advance of 1.3% in prices for livestock, particularly steers, hogs, and sheep, together with higher markets for most grains and for onions and potatoes, caused average prices for farm products to rise 0.4% during the week. Eggs, apples, and oranges declined seasonally. In the past 4 weeks average prices for farm products have advanced 1.7% to a point nearly 4% higher than at the same time last year.

"Led by a decline of 0.3% for fruits and vegetables—largely apples and oranges, and lower quotations for oatmeal, rye flour, and eggs—prices for foods in wholesale markets dropped 0.2% during the week. Slightly higher prices were reported for dressed poultry at New York and for wheat flour. At the end of 1944, the level of prices for foods in primary markets was only 0.4% higher than for the corresponding weeks of a month ago and a year ago.

"Industrial Commodities—Industrial commodity markets continued steady during the week except for higher prices for mercury and for goatskins. The increase of 0.1% in the hides and leather products group index resulted from an earlier advance in prices for sheepskins when the market strengthened upon an announcement that the government surplus would be made into coats for shipments to occupied countries.

The Labor Department included the following notation in its report:

Note: During the period of rapid changes caused by price controls, materials allocation, and rationing, the Bureau of Labor Statistics will attempt promptly to report changing prices. Indexes marked (*), however, must be considered as preliminary and subject to such adjustment and revision as required by later and more complete reports.

The following tables show (1) index numbers for the principal groups of commodities for the past three weeks, for Dec. 2, 1944 and Jan. 1, 1944, and the percentage changes from a week ago, a month ago, and a year ago and (2) percentage changes in subgroup indexes from Dec. 23, 1944 to Dec. 30, 1944.

WHOLESALE PRICES FOR WEEK ENDED DEC. 30, 1944
(1926=100)

						Percentage change to Dec. 30, 1944 from—		
Commodity Groups—	12-30 1944	12-23 1944	12-16 1944	12-2 1944	1-1 1944	12-23 1944	12-2 1944	1-1 1944
All commodities	*104.7	*104.6	*104.4	*104.2	103.0	+0.1	+0.5	+ 1.7
Farm products	126.7	126.2	125.6	124.6	122.1	+0.4	+1.7	+ 3.8
Foods	105.5	105.7	105.7	105.1	105.1	—0.2	+0.4	+ 0.4
Hides and leather products	117.9	116.7	116.7	116.7	117.9	+1.0	+1.0	0
Textile products	99.0	99.0	98.9	98.9	97.2	0	+0.1	+ 1.9
Fuel and lighting materials	83.6	83.7	83.7	83.7	82.6	—0.1	—0.1	+ 1.2
Metals and metal products	*103.9	*103.9	*103.9	*103.9	103.9	0	0	0
Building materials	116.4	116.4	116.4	116.4	113.5	0	0	+ 2.6
Chemicals and allied products	104.8	104.8	104.8	104.8	100.3	0	0	+ 4.5
Housefurnishing goods	106.1	106.1	106.1	106.1	104.4	0	0	+ 1.6
Miscellaneous commodities	93.9	93.9	93.9	93.7	93.0	0	+0.2	+ 1.0
Raw materials	115.7	115.4	115.1	114.4	112.3	+0.3	+1.1	+ 3.0
Semimanufactured articles	94.7	94.7	94.7	94.7	93.1	0	0	+ 1.7
Manufactured products	*101.3	*101.3	*101.3	*101.3	100.3	0	0	+ 1.0
All commodities other than farm products	*99.8	*99.8	*99.8	*99.8	98.9	0	0	+ 0.9
All commodities other than farm products and foods	*99.1	*99.0	*99.0	*99.0	97.8	+0.1	+0.1	+ 1.3

***Preliminary.**

PERCENTAGE CHANGES IN SUBGROUP INDEXES FROM
DEC. 23, 1944 TO DEC. 30, 1944

Increases			
Hides and skins	6.6	Grains	0.8
Livestock and poultry	1.3	Meats	0.1
Decreases			
Other foods	0.4	Other farm products	0.3
Fruits and vegetables	0.3		

Civil Engineering Construction, $28,809,000 Tops Both Last Week & Corresponding '44 Week

Civil engineering construction volume in continental United States for the short week due to the New Year's Day holiday totals $28,809,000. This volume, not including the construction by military engineers abroad, American contracts outside the country, and shipbuilding, is 24% higher than in the short preceding week, 33% above the totals for the corresponding 1944 week, and 11% higher than the previous four-week moving average as reported to "Engineering News-Record." The report made public on Jan. 4 went on to say:

Private work is 332% above last week, and gains 126% over the week last year due to the increased industrial building volume. Public construction, however, declines 35% from a week ago and 12% from a year ago. State and municipal construction is 67 and 194% higher, respectively, than last week and last year, but Federal work is 59% under a week ago and 48% under a year ago and is responsible for the decrease in public construction volume.

Civil engineering construction volumes for the corresponding 1944 week, last week, and the current week are:

	Jan. 6, 1944 (four days)	Dec. 28, 1944 (four days)	Jan. 4, 1945 (four days)
Total U. S. construction	$21,597,000	$23,150,000	$28,809,000
Private construction	7,183,000	3,746,000	16,181,000
Public construction	14,414,000	19,404,000	12,628,000
State and municipal	2,126,000	3,745,000	6,255,000
Federal	12,288,000	15,659,000	6,373,000

In the classified construction groups, gains over last week are in water works, sewerage, bridges, industrial buildings, earthwork and drainage, streets and roads, and unclassified construction. Increases over the corresponding 1944 week are reported in water works, bridges, industrial buildings, and streets and roads. Subtotals for the week in each class of construction are: water works, $289,000; sewerage, $570,000; bridges, $2,747,000; industrial buildings, $12,629,000; commercial building and large-scale private housing, $675,000; public buildings, $4,309,000; earthwork and drainage, $197,000, streets and roads, $4,972,000, and unclassified construction, $2,421,000.

New capital for construction purposes for the week totals $82,689,000. It is made up of $5,552,000 in State and municipal bond sales, and $77,137,000 in Federal appropriations for military and departmental construction.

Weekly Statistics of Paperboard Industry

We give herewith latest figures received by us from the National Paperboard Association, Chicago, Ill., in relation to activity in the paperboard industry.

The members of this Association represent 83% of the total industry, and its program includes a statement each week from each member of the orders and production, and also a figure which indicates the activity of the mill based on the time operated. These figures are advanced to equal 100%, so that they represent the total industry.

STATISTICAL REPORTS—ORDERS, PRODUCTION, MILL ACTIVITY

Period 1944—Week Ended	Orders Received Tons	Production Tons	Unfilled Orders Remaining Tons	Percent of Activity Current	Percent of Activity Cumulative
October 7	217,096	158,946	541,424	96	94
October 14	139,347	154,719	523,875	96	94
October 21	133,028	156,269	499,929	94	94
October 28	146,003	157,806	486,882	95	94
November 4	207,817	157,644	535,745	96	94
November 11	141,154	158,266	515,738	96	94
November 18	135,644	156,667	494,062	96	94
November 25	110,144	149,062	450,898	91	94
December 2	189,731	154,682	484,811	94	94
December 9	173,669	154,822	501,946	95	94
December 16	137,936	152,695	480,929	94	94
December 23	126,115	149,031	451,891	94	94
December 30	109,895	88,105	471,289	57	93

Notes—Unfilled orders of the prior week, plus orders received, less production, do not necessarily equal the unfilled orders at the close. Compensation for delinquent reports, orders made for or filled from stock, and other items made necessary adjustments of unfilled orders

Steel Output Temporarily Set Back—New Ship Program Gives Plate Market Support

"The secondary war steel peak now in the making, and which bids fair to match the primary record of more than a year ago, ran head-on during the past week into storms, manpower shortages, transportation difficulties and reshuffling of steel mill schedules," states "The Iron Age," in its issue of today (Jan. 11), which further adds in part as follows:

"Steel production was hindered at many points and even this week some areas are still feeling the effects of the damage wrought by recent weather conditions. Fuel deficiencies, transportation tangles in some sections caused by cold weather and persisting manpower shortages which contributed to a larger carryover of steel orders at the start of this month promised further delivery delays unless abated.

"Coupled with these conditions has been the recent influx of new steel orders which for December ran substantially heavier in volume than in November. One producer reflected an order increase in December amounting to about 60% more than in November. This is all the more significant because order cancellations, which had been heavy a few months ago, have dwindled almost to the vanishing point.

"As if further to test the ability of the steel industry to meet the simultaneous impact of many production difficulties, scrap and pig iron shortages have begun to appear in some areas."

The American Iron and Steel Institute on Jan. 8 announced that telegraphic reports which it had received indicated that the operating rate of steel companies having 94% of the steel capacity of the industry will be 93.0% of capacity for the week beginning Jan. 8, compared with 95.8% one week ago, 96.9% one month ago and 96.7% one year ago. The operating rate for the week beginning Jan. 8 is equivalent to 1,677,500 tons of steel ingots and castings, compared to 1,728,100 tons one week ago, 1,743,200 tons one month ago, and 1,731,300 tons one year ago.

"Steel," of Cleveland, in its summary of the iron and steel markets, on Jan. 8, stated in part, as follows: "In marked contrast to recent expectations, demand for steel in the first week of 1945 has been heavy and the expected slackening has not developed, the tendency being entirely in the other direction.

"In addition to the growing requirements for bars for the shell and ammunition program, placing of 226 merchant ships has been a factor. These are estimated to require about 1,200,000 tons of plates, shapes and bars, more than 940,000 tons being plates. Rolling of this material will start in February and March is expected to provide 250,000 to 280,000 tons of plates. Deliveries will extend over seven months.

"Until this program appeared it had been expected that plate schedules would be the lowest since the beginning of the war. Its effect has been to freeze considerable mill capacity and as a result some platemakers now are out of the market for entire first quarter. However, sheared plate mills will be relied on to furnish all this tonnage, strip mills being continued on sheets and strip, to meet heavy needs for those products.

"Ammunition and gun requirements continue to expand and bar deliveries are further extended. Small rounds and flats are available in February in some instances, but larger sections generally are promised for second quarter, with some producers sold well into June. Sheet demand reflects increasingly the shell program, directives being issued for shell case material for February and March.

"Railroads are in the market for large lots of freight cars and steel rails. Cars placed in December numbered more than 15,500 units, largest for any month in 1944. This makes the total for the year over 52,000, compared with 41,355 in 1943 and 26,028 in 1942. Mills in the southern district report booking more than 500,000 tons of rails for 1945 delivery, largest in its history.

"Pig iron melters are asking slightly more iron for first quarter than for fourth quarter and in some areas there is a tightening in supply.

"With steel production maintaining its high rate demand for scrap continues strong and prices are at ceilings for practically all grades."

Bank Credit Ass'n Is Formed In Connecticut

The formation of the Connecticut Bank Credit Association by 56 banks, having more than 80% of the total lending capacity of all commercial banks in the State, was made known in Hartford Associated Press advices appearing in the New Haven "Register" of Dec. 31. Designed to provide an additional source of bank credit for Connecticut businessmen in the reconversion and postwar period, the purpose of the new organization, as expressed by the credit agreement adopted by the member banks, according to the State Bankers Association, is to encourage extension of credit to Connecticut firms, individuals and corporations during the postwar period. The agreement is for a period of five years from December 1, 1944, which term may be extended or sooner terminated by a three-quarter vote of the banks. The banks elected a credit committee made up of seven officers of the member banks and elected the New Haven Bank, N. B. A., as agent for the association. The Associated Press further reported:

"The Bank Credit Association will not directly solicit loans, nor will such activity be undertaken by any of its members for the account of the association. In operation any commercial bank in Connecticut may originate a loan whether or not it is a member of the association. Its application will be passed upon by the credit committee and, if accepted, will be participated in by the banks of the association in accordance with their pro rata commitment. The originating bank, however, will manage and service the loan throughout its existence. The borrower is the customer of the originating bank and will always be so recognized."

A. I. B. Membership and Enrollment Increases

Membership of the American Institute of Banking, educational section of the American Bankers Association, and enrollment in Institute classes as of January 1, show a substantial increase over figures for the same time last year, according to the statement released on January 2 by William C. Way, President of the Institute, who is also trust officer of the Central National Bank, Cleveland, Ohio.

On January 1, this year, Institute membership totaled 51,396, compared with 46,068 at the same time last year, or a net increase of 5,328. At the same time enrollment in A. I. B. classes increased 2,550 to 20,104, compared with 17,554 on January 1 a year ago.

Lumber Movement—Week Ended December 30, 1944

According to the National Lumber Manufacturers Association, lumber shipments of 433 mills reporting to the National Lumber Trade Barometer were 33% above production for the week Dec. 30, 1944. In the same week new orders of these mills were 31.4% more than production. Unfilled order files of the reporting mills amounted to 92% of stocks. For reporting softwood mills, unfilled orders are equivalent to 34 days' production at the current rate, and gross stocks are equivalent to 35 days' production.

For the year-to-date, shipments of reporting identical mills exceeded production by 3.1%; orders by 4%.

Compared to the average corresponding week of 1935-39, production of reporting mills was 11.6% greater; shipments were 14% greater, and orders were 0.1% less.

Daily Average Crude Oil Production for Week Ended Dec. 30, 1944 Decreased 23,200 Barrels

The American Petroleum Institute estimates that the daily average gross crude oil production for the week ended Dec. 30, 1944, was 4,705,900 barrels, a loss of 23,200 barrels from the preceding week, but a gain of 348,600 barrels per day over the corresponding week a year ago. The current figure was also 16,200 barrels below the daily average figure recommended by the Petroleum Administration for War for the month of December, 1944. Daily output for the four weeks ended Dec. 30, 1944, averaged 4,708,750 barrels. Further details as reported by the Institute follow:

Reports received from refining companies indicate that the industry as a whole ran to stills on a Bureau of Mines basis approximately 4,798,000 barrels of crude oil daily and produced 15,342,000 barrels of gasoline; 1,518,000 barrels of kerosine; 4,257,000 barrels of distillate fuel, and 9,156,000 barrels of residual fuel oil during the week ended Dec. 30, 1944; and had in storage at the end of that week 86,614,000 barrels of gasoline; 11,296,000 barrels of kerosine; 39,495,000 barrels of distillate fuel, and 57,430,000 barrels of residual fuel oil.

DAILY AVERAGE CRUDE OIL PRODUCTION (FIGURES IN BARRELS)

	*P. A. W. Recommendations December	*State Allowables begin. Dec. 1	Actual Production Week Ended Dec. 30, 1944	Change from Previous Week	4 Weeks Ended Dec. 30, 1944	Week Ended Jan. 1, 1944
Oklahoma	350,000	356,000	†360,000	+ 600	359,500	327,150
Kansas	274,000	269,400	†271,100	— 8,150	271,250	265,750
Nebraska	1,200	----	†1,000	----	1,000	1,500
Panhandle Texas			88,750	----	88,750	94,400
North Texas			140,600	----	140,600	143,400
West Texas			471,350	----	471,350	354,400
East Central Texas			141,450	----	141,450	126,900
East Texas			371,000	----	371,000	368,000
Southwest Texas			345,450	----	345,450	290,800
Coastal Texas			552,950	----	552,950	520,500
Total Texas	2,153,000	‡2,134,978	2,111,550	----	2,111,550	1,898,400
North Louisiana			71,000	— 450	71,200	78,050
Coastal Louisiana			289,600	----	289,600	275,500
Total Louisiana	350,000	395,000	360,600	— 450	360,800	353,550
Arkansas	78,000	79,975	80,750	+ 200	80,750	79,600
Mississippi	53,000		52,100	+ 50	51,100	46,700
Alabama	----		200	----	200	----
Florida	----		50	----	50	----
Illinois	200,000		202,100	— 2,650	201,300	208,600
Indiana	13,000		12,400	— 500	12,650	11,800
Eastern— (Not incl. Ill., Ind., Ky.)	69,400		57,750	— 5,200	60,750	78,950
Kentucky	30,000		32,400	— 850	31,250	22,600
Michigan	47,000		52,050	+ 4,850	51,200	44,200
Wyoming	100,000		93,650	— 4,700	96,200	85,400
Montana	23,000		21,350	+ 50	21,300	20,350
Colorado	9,500		9,950	+ 350	9,350	7,350
New Mexico	106,000	106,000	103,200	----	103,600	112,900
Total East of Calif.	3,837,100		3,822,200	—16,400	3,823,800	3,558,800
California	885,000	§885,000	883,700	— 6,800	884,950	798,500
Total United States	4,722,100		4,705,900	—23,200	4,708,750	4,357,300

*P.A.W. recommendations and state allowables, as shown above, represent the production of crude oil only, and do not include amounts of condensate and natural gas derivatives to be produced.

†Oklahoma, Kansas, Nebraska figures are for week ended 7:00 a.m. Dec. 28, 1944.

‡This is the net basic allowable as of Dec. 1 calculated on a 31-day basis and includes shutdowns and exemptions for the entire month. With the exception of several fields which were exempted entirely and of certain other fields for which shutdowns were ordered for from 2 to 15 days, the entire state was ordered shut down for 7 days, no definite dates during the month being specified; operators only being required to shut down as best suits their operating schedules or labor needed to operate leases, a total equivalent to 7 days shutdown time during the calendar month.

§Recommendation of Conservation Committee of California Oil Producers.

CRUDE RUNS TO STILLS; PRODUCTION OF GASOLINE; STOCKS OF FINISHED AND UNFINISHED GASOLINE, GAS OIL AND DISTILLATE FUEL AND RESIDUAL FUEL OIL, WEEK ENDED DEC. 30, 1944

(Figures in Thousands of barrels of 42 Gallons Each)

Figures in this section include reported totals plus an estimate of unreported amounts and are —therefore on a Bureau of Mines basis—

	Daily Refining Capacity		Crude Runs to Stills					
District—	Potential Rate	% Reporting	Daily Average	% Operated	§Gasoline Production at Refineries Includ. Natural Blended	‡Stocks Finished and Unfinished Gasoline	‡Stocks of Gas Oil and Distillate Fuel Oil	‡Stocks of Residual Fuel Oil
East Coast	729	100.0	709	97.3	1,865	12,458	9,961	7,070
Appalachian— District No. 1	130	83.9	96	73.8	268	2,548	470	360
District No. 2	47	87.2	53	112.8	173	1,768	193	211
Ind., Ill., Ky.	824	85.2	796	96.6	2,954	18,624	6,163	3,166
Okla., Kans., Mo.	418	80.2	395	94.5	1,484	8,442	2,102	1,458
Inland Texas	278	66.9	242	87.1	919	2,774	392	670
Texas Gulf Coast	1,165	90.5	1,172	100.6	3,517	15,197	6,928	9,557
Louisiana Gulf Coast	242	95.5	271	112.0	866	4,799	1,794	1,233
No. La. & Arkansas	104	68.0	85	81.7	232	2,498	706	221
Rocky Mountain— District No. 3	13	17.0	10	76.9	33	68	19	31
District No. 4	141	58.3	116	82.3	413	1,704	346	492
California	817	89.9	853	104.4	2,618	15,734	10,421	32,961
Total U. S. B. of M. basis Dec. 30, 1944	4.908	87.2	4,798	97.8	15,342	*86,614	39,495	57,430
Total U. S. B. of M. basis Dec. 23, 1944	4.908	87.2	4,682	95.4	14,635	83,365	40,846	58,509
U. S. Bur. of Mines basis Jan. 1, 1944			4,471		13,109	75,327	41,728	56,773

*Composed of 13,210,000 barrels of unfinished, 44,035,000 barrels civilian-grade automotive and 29,369,000 barrels aviation, military, solvents and naphthas, and gasoline blending stocks currently indeterminate as to ultimate use. Comparable week of last year: 11,463,000; 41,293,000 and 22,571,000, respectively. ‡Stocks at refineries, at bulk terminals, in transit and in pipe lines. §Not including 1,518,000 barrels of kerosine, 4,257,000 barrels of gas oil and distillate fuel oil and 9,156,000 barrels of residual fuel oil produced during the week ended Dec. 30, 1944, which compares with 1,477,000 barrels, 4,605,000 barrels and 8,798,000 barrels, respectively, in the preceding week and 1,598,000 barrels, 4,521,000 barrels and 9,096,000 barrels, respectively, in the week ended Jan. 1, 1944.

Note—Stocks of kerosine at Dec. 30, 1944, amounted to 11,296,000 barrels, as against 11,973,000 barrels a week earlier and 9,359,000 barrels a year before.

Weekly Coal and Coke Production Statistics

The Solid Fuels Administration, U. S. Department of the Interior, in its latest report, states that the total production of soft coal in the week ended Dec. 30, 1944, is estimated at 8,310,000 net tons, a decrease of 2,570,000 tons from the preceding week. No coal was produced on Christmas Day. Output in the corresponding week a year ago totaled 10,515,000 net tons. The total production of soft coal in the calendar year 1944 is estimated at 620,000,000 net tons, an increase of 29,823,000 tons, or 5.1%, when compared with the total of 590,177,000 tons produced in the year 1943.

According to the U. S. Bureau of Mines, output of Pennsylvania anthracite for the week ended Dec. 30, 1944, was estimated at 784,000 tons, a decrease of 344,000 tons (30.5%) from the preceding week. When compared with the production in the corresponding week a year ago, there was a decrease of 112,000 tons, or 12.5%. For the calendar year 1944, the estimated production of Pennsylvania anthracite amounted to 64,445,000 tons, an increase of 6.3% over 1943.

The estimated output of beehive coke in the United States for the week ended Dec. 30, 1944, showed a decrease of 6,100 tons when compared with the production for the week ended Dec. 23, 1944; and was 51,300 tons less than for the corresponding period of 1943.

ESTIMATED UNITED STATES PRODUCTION OF BITUMINOUS COAL AND LIGNITE IN NET TONS

	Week Ended			Total Calendar Year	
	Dec. 30, 1944	*Dec. 23, 1944	Jan. 1 1944	†1944	‡1943
Bituminous coal and lignite—					
Total, including mine fuel	8,310,000	10,880,000	10,515,000	620,000,000	590,177,000
Daily average	1,662,000	1,813,000	1,845,000	2,010,000	1,907,000

*Revised. †Note that the estimate for the year 1944 is not the total of the weekly figures published, but instead represents over-all year-end adjustments. ‡Final figures. Total of annual canvass of mines for 1943.

ESTIMATED PRODUCTION OF PENNSYLVANIA ANTHRACITE
(In Net Tons)

	Week Ended			Calendar Year		
Penn. anthracite—	‡Dec. 30, 1944	§Dec. 23, 1944	Jan. 1, 1944	1944	1943	1937
*Total incl. coll. fuel	784,000	1,128,000	896,000	64,445,000	60,644,000	51,856,000
†Commercial produc.	753,000	1,083,000	860,000	61,868,000	58,218,000	49,263,000
Beehive coke—						
United States total	94,700	100,800	146,000	7,048,100	7,933,400	3,164,700

*Includes washery and dredge coal and coal shipped by truck from authorized operations. †Excludes colliery fuel. ‡Subject to revision. §Revised.

ESTIMATED WEEKLY PRODUCTION OF COAL, BY STATES
(In Net Tons)

(The current weekly estimates are based on railroad carloadings and river shipments and are subject to revision on receipt of monthly tonnage reports from district and State sources or of final annual returns from the operators.)

	Week Ended		
State—	Dec. 23, 1944	Dec. 16, 1944	Dec. 25, 1943
Alabama	328,000	358,000	281,000
Alaska	7,000	7,000	7,000
Arkansas and Oklahoma	85,000	96,000	90,000
Colorado	163,000	165,000	176,000
Georgia and North Carolina	1,000	1,000	¶
Illinois	1,440,000	1,480,000	1,359,000
Indiana	598,000	595,000	477,000
Iowa	53,000	50,000	55,000
Kansas and Missouri	186,000	168,000	137,000
Kentucky—Eastern	857,000	873,000	691,000
Kentucky—Western	340,000	358,000	257,000
Maryland	29,000	22,000	26,000
Michigan	2,000	2,000	4,000
Montana (bitum. & lignite)	113,000	116,000	96,000
New Mexico	32,000	33,000	32,000
North & South Dakota (lignite)	60,000	72,000	54,000
Ohio	555,000	450,000	490,000
Pennsylvania (bituminous)	2,535,000	2,285,000	2,493,000
Tennessee	120,000	116,000	127,000
Texas (bituminous & lignite)	4,000	3,000	4,000
Utah	142,000	142,000	129,000
Virginia	320,000	280,000	291,000
Washington	32,000	32,000	27,000
†West Virginia—Southern	1,762,000	1,398,000	1,588,000
‡West Virginia—Northern	908,000	702,000	827,000
Wyoming	208,000	205,000	173,000
§Other Western States	¶	1,000	1,000
Total bituminous & lignite	10,880,000	10,010,000	9,892,000
Pennsylvania anthracite	*	*	*

†Includes operations on the N. & W.; C. & O.; Virginian; K. & M.; B. C. & G.; and on the B. & O. in Kanawha, Mason, and Clay counties. ‡Rest of State, including the Panhandle District and Grant, Mineral and Tucker counties. §Includes Arizona and Oregon. ¶Less than 1,000 tons. *Figures on anthracite are published in the Weekly Anthracite and Coke Report.

Electric Output for Week Ended Jan. 6, 1945

The Edison Electric Institute, in its current weekly report, estimated that the production of electricity by the electric light and power industry of the United States for the week ended Jan. 6, 1945, was approximately 4,427,281,000 kwh., which compares with 4,567,959,000 kwh. in the corresponding week a year ago, and 4,225,814,000 kwh. in the week ended Dec. 30, 1944. The output of the week ended Dec. 30, 1944, was 2.6% below that in the same week the year before.

PERCENTAGE INCREASE OVER PREVIOUS YEAR

	Week Ended			
Major Geographical Divisions—	Dec. 30	Dec. 16	Dec. 9	Dec. 2
New England	0.4	1.3	0.8	1.8
Middle Atlantic	*5.1	*4.0	*4.6	*3.7
Central Industrial	0.7	1.6	2.3	2.5
West Central	6.4	9.4	7.5	5.1
Southern States	*1.7	2.0	2.4	2.3
Rocky Mountain	*12.4	*10.4	*8.0	*10.9
Pacific Coast	*3.8	*4.6	*2.9	*4.0
Total United States	*2.6	*1.1	*0.6	*0.8

*Decrease under similar week in 1943.

Note—Because the same week a year ago contained the Christmas or New Year holiday, no percentage comparisons are available for the weeks ended Dec. 23 or Jan. 6.

DATA FOR RECENT WEEKS (Thousands of Kilowatt-Hours)

Week Ended—	1945	1944	% Change over 1944	1943	1932	1929
Oct. 7	4,375,079	4,341,754	+ 0.8	3,702,299	1,507,503	1,806,403
Oct. 14	4,354,575	4,382,260	— 0.6	3,717,360	1,528,145	1,798,633
Oct. 21	4,345,352	4,415,405	— 1.6	3,752,571	1,533,028	1,824,160
Oct. 28	4,358,293	4,452,592	— 2.1	3,774,891	1,525,410	1,815,749
Nov. 4	4,354,939	4,413,863	— 1.3	3,761,961	1,520,730	1,798,164
Nov. 11	4,396,595	4,482,665	— 1.9	3,775,878	1,531,584	1,793,584
Nov. 18	4,450,047	4,513,299	— 1.4	3,795,361	1,475,268	1,818,169
Nov. 25	4,368,519	4,403,342	— 0.8	3,766,381	1,510,337	1,718,002
Dec. 2	4,524,257	4,560,158	— 0.8	3.883,534	1,518,922	1,806,225
Dec. 9	4,538,012	4,566,905	— 0.6	3,937,524	1,563,384	1,840,863
Dec. 16	4,563,079	4,612,994	— 1.1	3,975,873	1,554,473	1,860,021
Dec. 23	4,616,975	4,295,010	--	3,655,926	1,414,710	1,637,683
Dec. 30	4,225,814	4,337,287	— 2.6	3,779,993	1,619,265	1,542,000
Week Ended—	1944	1943	% Change over 1943	1942	1932	1929
Jan. 6	4,427,281	4,567,959	--	3,952,587	1,602,482	1,733,810
Jan. 13		4,539,083		3,952,479	1,598,201	1,736,721
Jan. 20		4,531,662		3,974,202	1,588,967	1,717,315
Jan. 27		4,523,763		3,976,844	1,588,853	1,728,203

A. I. B. Schedules Job Relations Training

Eight job relations training institutes are tentatively scheduled by the American Institute of Banking of the American Bankers Association during January and February, it has been announced by William C. Way, President of the A. I. B. and trust officer of the Central National Bank, Cleveland, Ohio. During the week of January 15, J. R. T. Institutes will be held in Boston, Mass., for New England A. I. B. chapters, with William G. Barry, the First National Bank of Boston, conducting; in New York City for New York State chapters, with G. Stephen Henninger, Irving Trust Company, New York, N. Y., conducting; in Chicago, Ill., for Northern Illinois, Ohio, Wisconsin, Minnesota and Michigan chapters, with Joseph Fitzer, Continental Illinois National Bank & Trust Company of Chicago, Chicago, Ill., conducting; in St. Louis, Mo., for Missouri, Kansas, Iowa, Arkansas, Kentucky and Oklahoma chapters, with Edmund B. Welshans, Secretary of the St. Louis Chapter of the A. I. B., conducting, and in Newark, N. J., for New Jersey and Eastern Pennsylvania chapters, with Mercer C. Macpherson, Montclair Savings Bank, Montclair, N. J., conducting.

During the week of January 22, J. R. T. Institutes are scheduled in Washington, D. C., for Maryland, Western Pennsylvania, Delaware, Richmond, Va., and the District of Columbia chapters, with Ralph Endicott, Washington Loan & Trust Company, Washington, D. C., conducting, and in Winston-Salem, N. C., for Virginia, West Virginia, Eastern Tennessee, and North Carolina chapters, with Robert F. Goodwin, Wachovia Bank & Trust Co., Winston-Salem, N. C., conducting. During the week of February 19, a J. R. T. Institute is scheduled in Atlanta for Western Tennessee, Georgia, Alabama, and Florida chapters, with Hartwell F. Taylor, Morris Plan Bank of Virginia, Richmond, Va., conducting.

New Members NRDGA Washington Bureau

Morris R. Clark, Washington attorney, and John C. Hazen, formerly with the U. S. Chamber of Commerce, have joined the Washington Bureau of the National Retail Dry Goods Association, it is made known by Lew Hahn, General Manager of the Association. Mr. Clark was for a number of years engaged in legal work for the Department of Justice, first in San Francisco and then for some six years in Washington. Three years ago he was called to active duty in the Navy, and after two years of duty in the Pacific was honorably discharged with the rank of lieutenant-commander. He also served in the first World War. In his new post with NRDGA Mr. Clark will specialize in problems of taxation and social security, but will also give service in many other matters.

Mr. Hazen has been active for several years in the Legislative Department of the U. S. Chamber. He has been the owner and publisher of two weekly newspapers, one of which he still retains, and has considerable experience in political work. It is planned to have Mr. Hazen represent the Association in many contacts with members of Congress and in various departments of the Government. He will be especially active in connection with OPA matters and will also give considerable time to Government surplus problems. Like Mr. Clark, however, his duties will also be of a general character. Miss Mary Belle Williams, associated with the Washington Bureau for many years, will be Executive Assistant to both of these men.

Trading on New York Exchanges

The Securities and Exchange Commission made public on Jan. 3 figures showing the volume of total round-lot stock sales on the New York Stock Exchange and the New York Curb Exchange and the volume of round-lot stock transactions for the account of all members of these exchanges in the week ended Dec. 16, continuing a series of current figures being published weekly by the Commission. Short sales are shown separately from other sales in these figures.

Trading on the Stock Exchange for the account of members (except odd-lot dealers) during the week ended Dec. 16 (in round-lot transactions) totaled 2,825,481 shares, which amount was 15.39% of the total transactions on the Exchange of 9,174,850 shares. This compares with member trading during the week ended Dec. 9 of 2,746,128 shares, or 15.62% of the total trading of 8,787,470 shares. On the New York Curb Exchange, member trading during the week ended Dec. 16 amounted to 564,755 shares, or 14.03% of the total volume on that exchange of 2,012,100 shares; during the Dec. 9 week trading for the account of Curb members of 529,550 shares was 12.94% of total trading of 2,046,270 shares.

Total Round-Lot Stock Sales on the New York Stock Exchange and Round-Lot Stock Transactions for Account of Members* (Shares)

WEEK ENDED DEC. 16, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	257,770	
‡Other sales	8,917,080	
Total sales	9,174,850	
B. Round-Lot Transactions for Account of Members, Except for the Odd-Lot Accounts of Odd-Lot Dealers and Specialists:		
1. Transactions of specialists in stock in which they are registered—		
Total purchases	678,450	
Short sales	92,330	
‡Other sales	589,660	
Total sales	681,990	7.41
2. Other transactions initiated on the floor—		
Total purchases	443,530	
Short sales	29,730	
‡Other sales	371,010	
Total sales	400,740	4.60
3. Other transactions initiated off the floor—		
Total purchases	262,665	
Short sales	41,830	
‡Other sales	316,276	
Total sales	358,106	3.38
4. Total—		
Total purchases	1,384,645	
Short sales	163,890	
‡Other sales	1,276,946	
Total sales	1,440,836	15.39

Total Round-Lot Stock Sales on the New York Curb Exchange and Stock Transactions for Account of Members* (Shares)

WEEK ENDED DEC. 16, 1944

	Total for week	†%
A. Total Round-Lot Sales:		
Short sales	16,540	
‡Other sales	1,995,560	
Total sales	2,012,100	
B. Round-Lot Transaction for Account of Members:		
1. Transactions of specialists in stocks in which they are registered—		
Total purchases	139,820	
Short sales	7,985	
‡Other sales	177,700	
Total sales	185,685	8.09
2. Other transactions initiated on the floor—		
Total purchases	70,125	
Short sales	3,700	
‡Other sales	48,000	
Total sales	51,700	3.02
3. Other transactions initiated off the floor—		
Total purchases	55,740	
Short sales	2,520	
‡Other sales	59,165	
Total sales	61,685	2.92
4. Total—		
Total purchases	265,685	
Short sales	14,205	
‡Other sales	234,865	
Total sales	299,070	14.03
C. Odd-Lot Transactions for Account of Specialists—		
Customers' short sales	0	
§Customers' other sales	80,683	
Total purchases	80,683	
Total sales	57,227	

*The term "members" includes all regular and associate Exchange members, their firms and their partners, including special partners.

†In calculating these percentages the total of members' purchases and sales is compared with twice the total round-lot volume on the Exchange for the reason that the Exchange volume includes only sales.

‡Round-lot short sales which are exempted from restriction by the Commission's rules are included with "other sales."

§Sales marked "short exempt" are included with "other sales."

Non-Ferrous Metals—Lead Buying Moderated—Tin Restrictions Tighter—Zinc Consumption Up

"E. & M. J. Metal and Mineral Markets," in its issue of Jan. 4, stated: "Consumers of lead have not yet familiarized themselves with the details of the amended order restricting consumption and limiting inventories, but buying of the metal last week for non-essential uses moderated. Demand for most of the war metals has increased to the point that producers are encountering increased labor and shipping difficulties in making deliveries. The tin order was revised last week, further restricting use of the metal. Quicksilver was strong, and, as the week ended, some sellers held out for even higher prices." The publication further went on to say in part:

Copper

Buying of copper for January shipment continued throughout the last week, and producers believe that deliveries for the current month may approach 160,000 tons. The Copper Division of WPB estimates that 457,400 tons of refined copper will be moved to consumers during the first quarter of the year.

The Government has purchased Rhodesian copper for early shipment to this country, but details of the transactions have not yet been released.

Lead

That WPB is in earnest about reducing consumption of lead is seen in the creation of a committee to gather facts and fix policy in reference to the civilian requirements in the metal.

Unless the use of lead in non-essentials declines during the first quarter, the order will be amended again to tighten the controls further, the industry believes. Sales last week amounted to 4,037 tons.

Zinc

Consumption of zinc is increasing and is expected to average above 75,000 tons a month during the first quarter.

The Bureau of Mines estimated October consumption of zinc at 73,864 tons, against 71,837 tons in September. October consumption by grades was as follows: Special High Grade, 20,586 tons; Regular High Grade, 15,277 tons; Intermediate, 4,373 tons; Brass Special, 4,553 tons; Selected, 960 tons; Prime Western, 27,524 tons; Remelt, 591 tons.

Tin

Order M-43, regulating consumption of tin, has been amended to tighten the restrictions on use of the metal in the production and sale of jewelry. The revised order also clarifies the provision prohibiting the use of tin in snap fasteners and other types of clothing fasteners. Use of tin coatings for refrigerator shelves and trays has been prohibited. Certificates are now required in the case of sales and receipts of babbitt and bearings containing babbitt metal of more than 12% tin by weight.

WPB spokesmen stated that the plan to control jewelry sales was established to help preserve the Government tin stockpile, which is rapidly decreasing because of lack of native tin production and because imports are equal to only about three-quarters of our primary tin requirements.

Shipment prices follow:

	Jan.	Feb.	March
December 28	52.000	52.000	52.000
December 29	52.000	52.000	52.000
December 30	52.000	52.000	52.000
January 1		Holiday	
January 2	52.000	52.000	52.000
January 3	52.000	52.000	52.000

Chinese, or 99% tin, continued at 51.125¢ per pound.

Quicksilver

The situation in quicksilver showed little change last week. Offerings continue light and in most instances prices were viewed as little more than nominal. Quantity business covering spot and nearby metal appeared to be non-existent. Advices from the Pacific Coast remain as bullish as ever.

The range of prices in New York last week continued at $140 to $145 per flask, though several sellers had nothing to offer below the top level as the period ended.

The E. & M. J. average for quicksilver for the month of December was $128.880 per flask, which compares with $116.304 for the month previous. The average for the year 1944 was $118.358, against $195.208 in 1943.

San Francisco, Jan. 3—Producers asking from $145 to $147 per flask, f.o.b. Coast. Estimated production for December probably not more than 2,300 flasks. Labor shortages at mines continue to limit output. Some 150 men properly placed would result in lifting monthly production 500 flasks.

Silver

Beginning Jan. 2, 1945, the London bullion market revised its basis for quoting on silver to conform with that of the New York market. London will quote silver on the basis of the troy ounce .999 fine, also known in the silver market as the fine ounce. Up to and including Dec. 29, London silver was quoted on the basis of the standard troy ounce .925 fine. The change was made to facilitate trading in the metal. Direct price comparison is now possible.

Effective Jan. 2, 1945, London silver was quoted at 25½d. per troy ounce .999 fine, equivalent to 23½d. per standard ounce troy .925 fine.

The New York Official continued at 44¾¢ for foreign metal, with domestic at 70⅝¢ per troy ounce .999 fine.

YEARLY AVERAGE PRICES—1940-1944

(E. & M. J. Averages)

	1940	1941	1942	1943	1944
Copper, domestic, f.o.b. refinery	11.296	11.797	11.775	11.775	11.775
Copper, export, f.o.b. refinery	10.770	10.901	11.684	11.700	11.700
Lead, common, New York	5.179	5.793	6.481	6.500	6.500
Lead, common, St. Louis	5.029	5.643	6.331	6.350	6.350
Zinc, Prime Western, St. Louis	6.335	7.474	8.250	8.250	8.250
Tin, Straits, New York	49.827	52.018	52.000	52.000	52.000
Silver, foreign, New York	34.773	34.783	38.333	44.750	44.750
Quicksilver (per flask 76-lb.)	$176.865	$185.023	$196.346	$195.208	$118.358
Antimony, domestic, New York	14.000	14.000	15.559	15.928	15.839
Platinum, refined	$37.924	$36.000	$36.000	$35.083	$35.000
Cadmium (producers' quotation)	79,920	88,443	90,000	90,000	90,000
Aluminum, 99 plus percent, ingot	18.691	16.500	15.000	15.000	15.000
Magnesium, ingot	27.000	24.000	22.500	20.500	20.500
Antimony, domestic, bulk, New York	----	----	----	----	15.265

Six-Point Program Announced by ABA Commission on Country Bank Operations

Each of 4,000 country banks will have available for use during 1945 an accurate analysis of its own operating costs and a yardstick by which it can measure and improve efficiency in its various departments, according to K. J. McDonald, Chairman of the Commission on Country Bank Operations of the American Bankers Association.

The association's release issued Dec. 21, said:

"Mr. McDonald, who is also President of the Iowa Trust and Savings Bank, Estherville, Iowa, said this information will be supplied to the banks as a result of the nationwide cost analysis project undertaken by the Commission as a service without charge to the country bank members of the Association with resources of $5,000,000 or less. The cost analysis is a major feature of the Commission's six-point program designed to aid the nation's 11,000 country banks.

"Four thousand country banks have returned work sheets in answer to questionnaires mailed to them by the Commission as the first step in the cost analysis. Mr. McDonald stated that final forms on which banks will report year-end figures, covering every phase of country bank operations from loans and investments to auction sales and ration banking, will be mailed from ABA headquarters shortly after Christmas. When all forms have been returned, the Commission will verify the reports, and then proceed to compute, interpret, and report on the operating costs of each bank."

K. J. McDonald, President of the Iowa Trust and Savings Bank, Estherville, Iowa, is Chairman of the Commission; the Committee assignments are:

Bank Cost Analysis Committee: William C. Rempfer, • Cashier, First National Bank, Parkston, S. D., Chairman; B. P. Allen, President, First National Bank, Wabash, Ind.; Russell H. Britton, Cashier, First National Bank, Rochester, N. H., and S. N. Schafer, President, First National Bank, Fort Atkinson, Wis.

Service Charge Committee: R. A. Bezoier, Vice-President and Cashier, First National Bank, Rochester, Minn., Chairman; T. E. Burch, President, Security State Bank, Wewoka, Okla.; Howard Hambleton, Vice-President, Citizens National Bank, Waxahachie, Texas, and Stanley A. Neilson, President, Bank of Gowanda, Gowanda, N. Y.

Correspondent Bank Relationships Committee (In cooperatoin with the ABA Post-War Small Business Credit Commission): Clyde D. Harris, President, First National Bank, Cape Girardeau, Mo., Chairman; R. L. Eberhardt, Executive Vice-President, Stockton Savings and Loan Bank, Stockton, Cal.; B. M. Harris, President, Yellowstone Bank, Columbus, Mont., and C. D. Tedrow, President, Citizens First National Bank, Princeton, Ill.

Service to War Veterans Committee (in cooperation with ABA Committee on Service to War Veterans): Glenn L. Emmons, President, First State Bank, Gallup, N. M., Chairman; Russell H. Britton, and John B. Sloan, President, The County Bank, Greenwood, S. C.

Home Front and Public Relations Committee; Claude F. Pack, President, Home State Bank, Kansas City, Kansas, Chairman; F. C. Forrest, President, First National Bank, Pullman, Wash.; H. Webb Madison, President, Bastrop Bank and Trust Company, Bastrop, La., and R. B. Stewart, President, The Miami Deposit Bank, Yellow Springs, Ohio.

Personnel Relations and Research on Adequate Reserves Committee: B. P. Allen, Chairman, Howard Hambleton, H. Webb Madison, Stanley A. Neilson, and William C. Rempfer.

Chairman McDonald has announced the appointment by ABA President W. Randolph Burgess of four new members to the Commission on Country Bank Operations to complete geographical representation in its membership. They are: B. P. Allen, President, First National Bank, Wabash, Ind.; Russell H. Britton, Cashier, First National Bank, Rochester, N. H.; F. C. Forrest, President, First National Bank, Pullman, Wash., and H. Webb Madison, President, Bastrop Bank and Trust Company, Bastrop, La.

Secretary of the Commission on Country Bank Operations: J. E. Drew, Deputy Manager, American Bankers Association.

NYSE Odd-Lot Trading

The Securities and Exchange Commission made public on Jan. 3 a summary for the week ended Dec. 23 of complete figures showing the daily volume of stock transactions for odd-lot account of all odd-lot dealers and specialists who handled odd lots on the New York Stock Exchange, continuing a series of current figures being published by the Commission. The figures are based upon reports filed with the Commission by the odd-lot dealers and specialists.

STOCK TRANSACTIONS FOR THE ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON THE N. Y. STOCK EXCHANGE

Week Ended Dec. 23, 1944

	Total for Week
Odd-Lot Sales by Dealers (Customers' purchases)	
Number of orders	20,566
Number of shares	615,565
Dollar value	$24,417,370
Odd-Lot Purchases by Dealers—(Customers' sales)	
Number of Orders:	
Customers' short sales	275
*Customers' other sales	23,289
Customers' total sales	23,564
Number of Shares:	
Customers' short sales	9,720
*Customers' other sales	629,380
Customers' total sales	639,100
Dollar value	$21,510,872
Round-Lot Sales by Dealers—	
Number of Shares:	
Short sales	20
†Other sales	198,190
Total sales	198,210
Round-Lot Purchases by Dealers:	
Number of shares	171,340

*Sales marked "short exempt" are reported with "other sales."

†Sales to offset customers' odd-lot orders, and sales to liquidate a long position which is less than a round lot are reported with "other sales."

Revenue Freight Car Loadings During Week Ended Dec. 30, 1944 Off Due to Holiday

Loading of revenue freight for the week ended Dec. 30, 1944, total 584,757 cars, the Association of American Railroads announced on Jan. 5. This was a decrease below the corresponding week of 1943 of 58,687 cars, or 9.1%, and a decrease below the same week in 1942 of 36,416 cars, or 5.9%. (Both 1943 and 1942 included New Years holiday.)

Loading of revenue freight for the week of Dec. 30, which included Christmas holiday decreased 117,692 cars, or 23.3% below the preceding week.

Miscellaneous freight loading totaled 295,701 cars, a decrease of 80,178 cars below the preceding week, and a decrease of 3,112 cars below the corresponding week in 1943.

Loading of merchandise less than carload lot freight totaled 83,430 cars, a decrease of 17,190 cars below the preceding week, and a decrease of 4,818 cars below the corresponding week in 1943.

Coal loading amounted to 115,730 cars, a decrease of 41,497 cars below the preceding week, and a decrease of 31,491 cars below the corresponding week in 1943.

Grain and grain products loading totaled 36,087 cars, a decrease of 10,001 cars below the preceding week and a decrease of 4,602 cars below the corresponding week in 1943. In the Western Districts alone, grain and grain products loading for the week of Dec. 30, totaled 25,075 cars, a decrease of 6,900 cars below the preceding week and a decrease of 3,631 cars below the corresponding week in 1943.

Livestock loading amounted to 10,411 cars, a decrease of 4,932 cars below the preceding week and a decrease of 1,181 cars below the corresponding week in 1943. In the Western Districts alone loading of livestock for the week of Dec. 30, totaled 7,447 cars, a decrease of 3,531 cars below the preceding week, and a decrease of 526 cars below the corresponding week in 1943.

Forest products loading totaled 21,430 cars, a decrease of 20,106 cars below the preceding week and a decrease of 8,358 cars below the corresponding week in 1943.

Ore loading amounted to 8,923 cars, a decrease of 3,113 cars below the preceding week and a decrease of 2,887 cars below the corresponding week in 1943.

Coke loading amount to 13,045 cars a decrease of 675 cars below the preceding week, and a decrease of 2,238 cars below the corresponding week in 1943.

All districts reported decreases compared with the corresponding week in 1943, and all reported decreases compared with 1942 except the Central-western.

	1944	1943	1942
*4 weeks of January	3,153,003	2,910,638	3,181,945
*4 weeks of February	3,159,492	3,055,735	3,122,942
4 weeks of March	3,135,155	3,073,445	3,174,781
5 weeks of April	4,068,625	3,924,981	4,209,907
4 weeks of May	3,446,252	3,363,195	3,311,637
*4 weeks of June	3,445,393	3,151,311	3,385,655
*5 weeks of July	4,361,312	4,307,410	4,185,135
4 weeks of August	3,579,800	3,554,694	3,487,905
5 weeks of September	4,428,427	4,456,466	4,410,669
4 Weeks of October	3,598,979	3,607,851	3,604,323
4 Weeks of November	3,365,925	3,304,830	3,236,584
Week of December 2	808,260	862,733	759,731
Week of December 9	793,554	823,311	744,183
Week of December 16	749,883	758,881	743,061
Week of December 23	762,449	641,026	591,471
Week of December 30	584,757	643,444	621,173
Total	*43,441,266	*42,439,951	*42,771,102

*Revised.

Total loadings by commodities in 1944 compared with 1943 follow:

	1944	1943	% Change
Grain and grain products	2,521,262	2,648,308	—4.8
Live stock	892,114	837,777	+6.5
Coal	8,937,856	8,507,036	+5.1
Coke	750,825	751,687	—0.1
Forest products	2,271,993	2,228,907	+1.9
Ore	2,648,892	2,815,572	—5.9
Merchandise, L. C. L.	5,423,033	5,079,720	+6.8
Miscellaneous	19,995,291	19,570,944	+2.2
Total	43,441,266	42,439,951	+2.4

The following table is a summary of the freight carloadings for the separate railroads and systems for the week ended Dec. 30, 1944. During the period only 24 roads showed increases when compared with the corresponding week a year ago.

REVENUE FREIGHT LOADED AND RECEIVED FROM CONNECTIONS (NUMBER OF CARS) WEEK ENDED DEC. 30

Railroads	Total Revenue Freight Loaded			Total Loads Received from Connections	
	1944	1943	1942	1944	1943
Eastern District—					
Ann Arbor	237	238	232	1,230	1,284
Bangor & Aroostook	1,634	2,040	1,936	425	198
Boston & Maine	4,822	5,816	4,944	12,967	13,010
Chicago, Indianapolis & Louisville	969	1,035	1,154	1,420	1,840
Central Indiana	24	35	20	41	41
Central Vermont	798	958	709	1,723	2,231
Delaware & Hudson	3,501	4,136	4,770	10,855	12,379
Delaware, Lackawanna & Western	5,643	6,295	5,588	9,341	10,382
Detroit & Mackinac	102	101	255	89	103
Detroit, Toledo & Ironton	1,359	1,794	1,450	1,128	1,467
Detroit & Toledo Shore Line	272	249	232	2,538	2,698
Erie	9,051	9,502	9,239	14,291	16,437
Grand Trunk Western	2,781	2,946	3,286	7,497	7,990
Lehigh & Hudson River	158	151	118	2,336	2,058
Lehigh & New England	1,164	1,410	1,238	960	1,085
Lehigh Valley	5,627	6,686	5,607	10,532	13,411
Maine Central	1,602	2,044	1,950	3,045	2,937
Monongahela	4,149	4,300	6,263	355	263
Montour	1,740	1,918	1,705	15	21
New York Central Lines	35,273	38,775	38,609	42,278	44,786
N. Y., N. H. & Hartford	7,777	8,224	7,704	15,782	17,136
New York, Ontario & Western	745	1,126	1,176	2,848	2,297
New York, Chicago & St. Louis	5,013	5,670	5,899	13,251	13,016
N. Y., Susquehanna & Western	337	384	511	2,111	1,470
Pittsburgh & Lake Erie	6,101	6,513	6,226	5,674	5,776
Pere Marquette	3,745	3,849	4,449	6,489	6,956
Pittsburg & Shawmut	465	792	482	6	9
Pittsburg, Shawmut & North	141	267	238	180	238
Pittsburgh & West Virginia	698	949	617	2,180	1,986
Rutland	283	266	202	781	720
Wabash	4,434	4,547	4,379	11,246	10,403
Wheeling & Lake Erie	3,652	3,763	4,497	3,596	3,431
Tot.	114,302	126,779	125,685	187,210	198,059
Allegheny District—					
Akron, Canton & Youngstown	585	613	682	1,128	1,002
Baltimore & Ohio	28,729	33,246	28,854	23,035	23,854
Bessemer & Lake Erie	1,423	2,042	2,655	1,205	1,118
Buffalo Creek & Gauley	†	301	334	†	2
Cambria & Indiana	1,110	1,416	1,603	6	6
Central R. R. of New Jersey	4,818	5,358	4,934	16,918	18,353
Cornwall	367	541	514	52	51
Cumberland & Pennsylvania	121	172	163	4	9
Ligonier Valley	80	141	114	29	33
Long Island	918	968	713	3,202	3,022
Penn-Reading Seashore Lines	1,468	1,343	1,239	2,199	2,241
Pennsylvania System	57,991	64,877	58,518	50,258	53,900
Reading Co.	10,925	11,493	10,294	23,245	24,640
Union (Pittsburgh)	17,054	18,403	20,411	2,948	3,480
Western Maryland	2,709	3,436	2,907	10,187	12,803
Total	128,298	144,350	133,935	134,416	144,515
Pocahontas District—					
Chesapeake & Ohio	18,193	24,341	20,836	8,794	8,768
Norfolk & Western	12,832	18,053	17,011	7,010	6,247
Virginian	2,969	4,061	3,539	2,271	1,895
Total	33,721	46,455	41,386	18,075	16,910
Southern District—					
Alabama, Tennessee & Northern	158	215	242	273	290
Atl. & W. P.—W. R. R. of Ala	538	583	548	2,798	2,111
Atlanta, Birmingham & Coast	551	577	531	1,213	1,190
Atlantic Coast Line	8,159	9,716	11,375	9,490	8,586
Central of Georgia	2,183	2,799	2,711	3,841	3,698
Charleston & Western Carolina	236	285	302	1,355	1,251
Clinchfield	1,020	1,498	1,409	2,683	2,547
Columbus & Greenville	164	243	290	182	132
Durham & Southern	79	92	93	456	446
Florida East Coast	2,298	2,692	2,069	1,467	1,479
Gainesville Midland	20	40	30	89	110
Georgia	914	882	985	2,901	2,036
Georgia & Florida	313	385	324	448	532
Gulf, Mobile & Ohio	2,807	3,114	2,958	2,943	2,948
Illinois Central System	22,404	23,949	22,085	16,699	13,969
Louisville & Nashville	17,556	21,247	19,938	10,643	9,549
Macon, Dublin & Savannah	99	86	143	634	601
Mississippi Central	165	248	128	457	381
Nashville, Chattanooga & St. L.	2,185	2,467	2,456	3,777	3,802
Norfolk Southern	475	567	689	2,090	1,249
Piedmont Northern	297	333	332	1,082	1,350
Richmond, Fred. & Potomac	207	224	287	8,598	9,065
Seaboard Air Line	6,453	6,639	7,759	6,881	7,432
Southern System	15,995	18,012	16,571	20,720	19,674
Tennessee Central	402	493	403	598	703
Winston-Salem Southbound	79	93	91	1,004	754
Total	85,757	97,479	94,749	103,322	95,885
Northwestern District—					
Chicago & North Western	11,551	12,764	12,211	12,340	12,379
Chicago Great Western	1,996	2,150	1,974	3,137	2,899
Chicago, Milw., St. P. & Pac.	16,826	17,094	16,366	9,546	9,309
Chicago, St. Paul, Minn. & Omaha	3,031	3,367	3,316	3,422	3,119
Duluth, Missabe & Iron Range	962	989	894	158	207
Duluth, South Shore & Atlantic	391	619	490	543	431
Elgin, Joliet & Eastern	7,966	8,041	7,901	10,128	8,946
Ft. Dodge, Des Moines & South	287	346	301	73	105
Great Northern	9,090	9,184	9,223	5,081	4,582
Green Bay & Western	362	420	396	968	788
Lake Superior & Ishpeming	159	158	156	38	37
Minneapolis & St. Louis	1,617	1,948	1,685	2,411	2,026
Minn., St. Paul & S. S. M.	3,736	4,384	3,847	2,368	2,638
Northern Pacific	7,202	7,376	8,535	5,152	4,501
Spokane International	175	72	63	520	450
Spokane, Portland & Seattle	1,506	1,567	1,229	3,204	2,467
Total	66,857	70,479	6,858	59,089	54,884
Central Western District—					
Atch., Top. & Santa Fe System	17,820	17,548	16,848	11,891	9,677
Alton	2,535	2,611	2,928	3,318	3,137
Bingham & Garfield	340	511	927	51	71
Chicago, Burlington & Quincy	15,381	16,338	14,333	11,887	10,382
Chicago & Illinois Midland	2,374	2,733	2,510	861	862
Chicago, Rock Island & Pacific	9,967	8,951	9,175	12,889	10,469
Chicago & Eastern Illinois	1,947	2,259	2,001	5,144	5,281
Colorado & Southern	466	571	873	1,960	1,929
Denver & Rio Grande Western	3,125	3,085	3,334	5,829	5,513
Denver & Salt Lake	491	717	646	20	37
Fort Worth & Denver City	473	598	852	1,117	1,168
Illinois Terminal	2,224	1,748	1,458	1,939	1,727
Missouri-Illinois	742	867	937	474	482
Nevada Northern	1,441	1,710	2,158	115	101
North Western Pacific	424	560	532	793	48
Peoria & Pekin Union	10	21	0	0	0
Southern Pacific (Pacific)	22,090	22,797	23,044	12,658	12,282
Toledo, Peoria & Western	266	297	267	1,749	1,767
Union Pacific System	13,849	13,345	12,795	13,707	13,981
Utah	390	548	572	0	6
Western Pacific	1,624	1,688	1,740	3,434	4,032
Total	97,979	99,503	97,930	89,836	82,952
Southwestern District—					
Burlington-Rock Island	264	261	383	606	127
Gulf Coast Lines	4,631	5,227	4,855	2,141	2,162
International-Great Northern	1,881	1,347	2,519	3,268	2,927
Kansas, Oklahoma & Gulf	257	292	314	983	958
Kansas City Southern	4,200	4,725	4,678	2,311	2,126
Louisiana & Arkansas	2,332	2,882	3,944	2,268	2,286
Litchfield & Madison	234	231	223	1,107	1,057
Midland Valley	423	791	552	334	349
Missouri & Arkansas	69	121	94	469	309
Missouri-Kansas-Texas Lines	5,518	4,059	4,805	4,783	4,077
Missouri Pacific	12,289	13,369	12,213	15,864	16,392
Quanah Acme & Pacific	55	46	65	344	264
St. Louis-San Francisco	7,403	6,348	6,800	7,534	6,532
St. Louis Southwestern	2,749	2,656	2,733	6,489	5,327
Texas & New Orleans	9,448	11,055	10,678	4,920	4,073
Texas & Pacific	5,967	4,885	3,962	7,079	5,842
Wichita Falls & Southern	93	88	73	47	62
Weatherford M. W. & N. W.	30	16	10	41	26
Total	57,843	58,399	58,901	60,588	54,896

†Included in Baltimore & Ohio RR.
Note—Previous year's figures revised.

Peace-Time Service Draft Drive to Be Directed by Colonel Jay Cooke

Lt. Colonel Jay Cooke was named on Jan. 6 as National Director of the Citizens Committee for Universal Military Training, according to the New York "Herald Tribune" of Jan. 7, which in noting that Lt. Colonel Cooke, former Republican City Chairman of Philadelphia, lost his left eye while fighting as a battalion commander of infantry in the American break-through at St. Lo last summer, added:

"The committee, formed last month, with offices to open this week at 9 Pine Street, announced that Colonel John W. Castles, Jr., of 180 East 79th Street, had been appointed Associate National Director and Chairman pro tem for New York. Colonel Castles, who had been an investment banker, served in this war as deputy assistant chief of staff, G-2, in the European theater of operations and went to France with Lieutenant General Omar Bradley's 12th Army Group headquarters. Both are now on terminal leave.

"Archibald G. Thacher, co-chairman of the committee, which now has more than 1,000 members, disclosed that Colonel Arnold Whitridge, recently returned from duty with the intelligence division of the 9th Air Force, will become chairman of the speakers' bureau. Colonel Whitridge had been master of Calhoun College, at Yale, and also is about to leave service.

"Thus far, Mr. Thacher explained, the committee already has circularized editors of 2,500 newspapers in behalf of its educational program, seeking a continuous year of military training for high school graduates 18 years of age. Many of its members helped initiate the pre-world war citizens' military training camps at Plattsburg, N. Y., and some helped draft the selective service act of 1940. Mr. Thacher emphasized, however, that the committee would not take part in legislative activity and as a result has Revenue ruling that contributions to it are deductible for income-tax purposes.

"Col. Cooke, who fought in the World War and was gassed during the Meuse Argonne drive, said in a statement that 'what I have seen in two years has taught me that there are only two ways to insure preparedness for this country as protection against aggression by any nation or combination of nations.

" 'The first is by the maintenance of a large regular army and navy; the second and more American way is through a small, highly trained regular establishment with a large pool of trained man power which may be called on for immediate service in emergencies.

" 'Obviously such a pool of trained man power can only be obtained by giving the young man of our country thorough training. In my opinion, based upon the practical observations of a soldier in two wars, the minimum of time to insure thorough training is one continuous year.'

"Other officers of the committee include Douglas Arant, lawyer, of Birmingham, Ala., as national chairman, and two more co-chairmen, William R. Mathews, editor of "The Arizona Star," Tucson, Ariz., and Orville J. Taylor, lawyer, of Chicago.

Western Reserve Gives New Business Course For Veterans

Because of the response, the Division of Business Administration, Western Reserve University, will give full college credit for its new course for veterans and others in the management and operation of small business. The course will start Feb. 14 with the beginning of the spring term sessions at the University, according to revised plans. It will be given to both full-time and part-time students on Wednesday evenings at Cleveland College, the downtown center of the university on Cleveland Public Square. The announcement of the course was made by Professor Thomas L. Dickerson, head of the Division of Business Administration. The course is offered primarily for veterans to train them in the operation and management of small business organizations for which they may receive loans under the terms of the G. I. Bill. In view of the high mortality of small scale private enterprise, Prof. Dickerson also recognized the need for such a course for those now in business and for others who wish to start in business.

Items About Banks, Trust Companies

(Continued from page 189)

while U. S. Government securities at the latest date stand at $747,793,042, compared with $686,372,214 and $613,719,229 last year; the capital is unchanged at $50,000,000, while surplus and undivided profits are shown as $58,303,328, Dec. 31, 1944, against $58,037,965, Sept. 30, 1944, and $56,428,927, Dec. 31, 1943.

The Public National Bank & Trust Co. of New York reported as of Dec. 30, 1944, total deposits of $415,525,107 and total assets of $441,608,844, compared, respectively, with $365,253,006 and $390,655,205 on Sept. 30. Cash on hand and due from banks on Dec. 31 amounted to $75,955,645, against $69,047,575; holdings of United States Government securities to $257,941,964, against $221,802,726, and loans and discounts to $96,041,908 against $86,234,154. Capital and surplus are unchanged at $7,000,000 and $9,000,000, respectively, but undivided profits Dec. 31 were $4,508,040, after allowing for $150,000 dividend payable Jan. 2, 1945, against $4,195,941 at the end of September.

The Commercial National Bank & Trust Co. of New York reported as of Dec. 31, 1944, total deposits of $244,089,650 and total assets of $268,004,597, compared, respectively with $211,736,135 and $233,850,430 on Dec. 31, 1943. The bank held cash on hand and due from banks of $44,268,008, compared with $43,794,272 on Dec. 31, 1943; investments in U. S. Government securities of $178,102,283, compared with $140,988,682 on Dec. 31, 1943. Loans and discounts of $40,897,679 compared with $45,934,094 on Dec. 31, 1943. The bank's capital account was unchanged at $7,000,000, and its surplus and undivided profit account increased to $11,148,851 from $10,182,919 after payment of dividends of $560,000. Net earnings per share for the year ended Dec. 31, 1944, were $4.36, compared with $3.61 in 1943. At the close of the year $1,000,000 was transferred from undivided profits to surplus, increasing surplus to $10,000,000.

Giving increased demand on the facilities of his organization as the reason, Harvey L. Schwamm, President and Chairman of the board of directors of The National Bronx Bank of New York, 150th Street and Melrose Avenue, announced on Jan. 4 several changes in the personnel of the institution. Henry M. Corsa will advance fram Assistant Cashier to Assistant Vice-President in the consumer credit department; Willyiam H. Rufer, from a branch manager to Assistant Cashier at the main office; Lloyd R. Harris and Frank P. Squazzo to Assistant Cashiers; Garret Sanderson, promoted from branch manager to Assistant Vice-President in charge of the new business department, and Joseph H. Coogan from Auditor to Assistant Vice-President in charge of the Port Morris branch.

Richard M. Lederer, Chairman of the board of the Standard National Bank of New York, in liquidation, announced on Jan. 5 that the board of directors have directed him as liquidating agent, to distribute a fourth and final dividend on the shares of the bank. This dividend amounts to $9.53, making a total paid of $129.53 a share.

William J. Wason Jr., President of the Kings County Trust Co., on Jan. 2 recorded his 50th year with the bank. From the Brooklyn "Daily Eagle" we quote:

"Mr. Wason joined the staff as a bookkeeper in 1895, six years after the bank had been founded by a group of leading Brooklyn citizens. In the ensuing years he advanced through the various grades of promotion to the office of Vice-President, and when Julian P. Fairchild died in 1934 Mr. Wason succeeded to the presidency.

"Mr. Wason is the fourth President of the trust company. He was preceded in that office by Joseph C. Hendrix, Julian D. Fairchild and the latter's son, Julian P. Fairchild.

"In addition to his association with the Kinks County Trust Co., Mr. Wason is connected with the Dime Savings Bank of Brooklyn as trustee; the New York Dock Co. as director; the Brooklyn Union Gas Co. as director; the Brooklyn Citizen as Vice-President and director, and the Metropolitan Casualty Insurance Co. of New York as director."

At a recent meeting of the board of trustees of the Brooklyn Trust Co., Brooklyn, N. Y., James H. Allen was appointed an Assistant Secretary. The Brooklyn "Daily Eagle" of Dec. 27, indicating this, said:

"Mr. Allen has been employed by the company since 1925, and in recent years has served in a supervisory capacity in the accounting division of the person trust department."

The directors of the Milford Trust Co., Milford, Conn., have voted to recommend to the stockholders plans to increase the capital from $25,000 in shares of $25 par, to $50,000, through a stock dividend, and further increase the capital to $150,000 by the sale of 4,000 shares, $25 par, at $37.50 a share.

Hartford "Courant" advices of Dec. 30 said:

"If authorized by the stockholders the changes will give the bank a capital setup as follows: Capital, $150,000; surplus, $125,000, and undivided profits approximately $30,000.

"Milford Trust Co. was incorporated in 1911."

Jonathan Cilley Neff, retired Vice-President of the Fidelity-Philadelphia Trust Co., Philadelphia, Pa., died on Dec. 31 at the age of 78 years. In the Philadelphia "Inquirer" of Jan. 1 it was stated:

"He was a member of the board of directors of the banking firm, having been elected to the board in 1915.

"Entering the employ of the company in 1884, Mr. Neff was named Assistant Secretary in 1904 and was elected a Vice-President in 1913. As Senior Vice-President of the concern, he was widely known to bankers throughout the nation, particularly in the investmest field."

Land Title Bank & Trust Co. of Philadelphia in 1944 had the largest net operating income in the last 10 years, while its normal demand deposits, exclusive of U. S. Treasury deposits, increased 14% to the highest total in its history, Percy C. Madeira Jr., President, reported to the bank's stockholders. Net operating income for 1944 of $614.495 compared with $558,898 in 1943. After deducting $112.500 for preferred stock dividends, the balance of operating income amounted to **$6.69** per common share, against $5.70 a share in 1943. In addition, the bank had non-operating profits of $223,012, making a total of $837,506. Total resources rose to $85,972,312 from $76,840.667 at the end of 1943. The further advices from the bank state:

"The bank's normal deposits, exclusive of U. S. Treasury deposits, which Mr. Madeira pointed out were of a temporary character, increased $6,551.000 to $53,675,000. Total deposits amounted to $75,492,928, against $66,001,436 at the end of the preceding year. Mr. Madeira reported that asset valuation reserves, set up to meet any future depreciation in assets and which do not appear in published statements of the bank, totaled $1,353,474 on Dec. 30, while reserve set up as an intermediate step toward restoring to capital $1,875,000 reduction effected in June, 1940, had reached a total of $1,750,000.

"Stating that the bank had reduced outstanding preferred to $3,250,000 by retiring additional $750,000 last September, Mr. Madeira added 'to maintain our capital funds in proper ratio to our deposits and to the needs of our customers, it may at some time be sounder to replace the balance of preferred stock then remaining by issuing additional common shares.'

"He reported that commercial department income from loans and investments increased, due in part to 21% gain in loans and discounts. However, the personal loan department continued to show a small decline in volume 'due to scarcity in many lines of consumer goods and to continued full employment and consequently ability of borrowers to pay off debts out of larger incomes.' The trust department volume showed increase as well as profit.

"Touching on the part played by the bank in the war effort, Mr. Madeira said that during 1944 the bank arranged for the purchase of $69,000,000 of Government securities offered in connection with the financing of the war program; that over 39% of its existing loans are directly connected with the war effort, including loans to finance housing for defense workers; that 96 of the bank's officers and employees are in the armed services, half of them overseas. Mr. Madeira also cited the following gains made by the bank in the past five years: Increase of close to 73% in demand deposits, not including war loan; retirement of $4,025,000 outstanding preferred stock; increase in holdings of U. S. Government bonds from $2,728,000 to $46,648,000; 114% increase in loans and discounts, excluding FHA and mortgage loans; decrease in 'other real estate' owned by bank from $10,350,000 to $2,639,000, and decrease in mortgages from $5,466,000 to $2,200,000."

The election of E. I. H. Bennett as Vice-President of the Peoples Pittsburgh Trust Co., Pittsburgh, Pa., was reported in the Pittsburgh "Post Gazette" on Jan. 2, which also said:

"He will be in charge of the consumer credit department of the bank. He was formerly associated with Sears, Roebuck & Co., where he supervised the time payment financing of that company."

George H. Porter, retired Assistant Treasurer of the Savings Bank of Baltimore, Baltimore, Md., died on Jan. 3 at 85 years of age. Advices from the Baltimore "Sun" on Jan. 4 said, in part:

"In 1890 Mr. Porter entered the employ of the Savings Bank of Baltimore. In 1940 he was presented with a silver trophy, inscribed by his associates in the bank. He retained his position at the bank until late in 1943, when he retired after 53 years' continuous service."

Directors of Union Bank of Commerce of Cleveland, Ohio, on Jan. 4 declared a dividend of $4 a share on capital stock, payable Jan. 25 to stockholders of record at the close of business Jan. 15. Dividends of $3 a share each were paid in January and July, 1944. President J. K. Thompson reported that net profit after provision for Federal taxes, if any, and transfers to reserves, for the six months ended Dec. 31, 1944, amounted to $7.62 a share on the 35,300 outstanding shares of capital stock, and to $13.71 a share for the year 1944, compared with $10.78 for the year 1943. The bank's net earnings from current operations before provision for Federal taxes, if any, and transfers to reserves amounted to $20.28 per share for 1944, as compared with $16.43 for 1943. The advices state that Union Bank of Commerce has an asset of substantial value in capital stock of Union Properties, Inc.; there is nothing included in the foregoing earnings figures, it is added, relating to this asset.

It is announced that the underwriting group managed by Bacon, Whipple & Co. and including The Illinois Co. of Chicago; Central Republic Co.; Paul H. Davis & Co.; Harris, Hall & Co., Inc.; Kebbon, McCormick & Co., and Farwell, Chapman & Co., distributed on Jan. 8 9,000 shares of City National Bank & Trust Co. (Chicago) capital stock at $195 per share. This offering was quickly sold.

The annual statement of the Hibernia National Bank in New Orleans, La., as of Dec. 30, 1944, just issued in response to the call of the Comptroller of the Currency, exhibits the following changes in its major items compared with the figures of Dec. 31, 1943:

	Dec. 31, '43 $	Dec. 30, '44 $
Deposits	88,037,006	108,262,725
Cash & Govts.	70,395,237	87,556,595
Loans	16,261,837	19,757,817
Capital funds and reserves	5,286,959	5,497,660

The year-end statement of Citizens National Trust & Savings Bank of Los Angeles reflected the largest total deposits heretofore published. As of Dec. 30, 1944, total deposits amounted to $294,476,618, a gain over the year of $53,057,084. Total resources are now $307,232,392. President H. D. Ivey, in commenting on the activities of the bank, stated that the year just ended had been a most satisfactory one. Dividends of $1.50 per share were paid, and there was added to surplus and undivided profits an amount equal to $2.62 per share. The net earnings of the bank after all expenses, reserves for taxes, depreciation, etc., and after all losses and write-downs were $4.22 per share.

At a special meeting of the shareholders of the South Texas Commercial National Bank of Houston, held Dec. 22, it was voted to increase the capital stock from $1,500,000 to $2,000,000, and the board of directors adopted a resolution declaring a 33⅓% stock dividend. At the same time the directors authorized the transfer of $500,000 from the undivided profit account to the surplus account, making the surplus $2,000,000.

At the time of the consolidation of the South Texas National Bank and the Commercial National Bank, on March 2, 1912, the combined South Texas Commercial National Bank had a capital of $1,000,000 and a surplus of $500,000. Since then, from earnings, the bank has increased its capital from $1,000,000 to $2,000,000, and its surplus from $500,000 to $2,000,000 and has paid regular cash dividends, without interruption, amounting to $5,658,000.

The election of Charles F. Anderson as Assistant Vice-President of the Oregon Mutual Savings Bank, Portland, Ore., was announced on Dec. 28 by George F. Brice Sr., President of that institution, following a meeting of the directors. The Portland "Oregonian," in reporting Mr. Anderson's election, said:

"Following seven years of banking work in Hood River, Mr. Anderson joined the State Banking Department as a Deputy Superintendent of Banks in 1932, and served in that capacity until 1937. In 1937 he became a bank examiner until joining the Oregon Mutual Savings Bank in 1943."

At the date of call, Dec. 30, 1944, the United States National Bank of Portland, Ore., reported deposits reaching a new all-time high of $480,808,958 and resources of $550,202,014. Thus, substantial gains of $90,753,187 and $92,344,699, respectively, were achieved over the corresponding date of call of 1943.

Results of Treasury Bill Offering

The Secretary of the Treasury announced on Jan. 8 that the tenders of $1,300,000,000 or thereabouts, of 91-day Treasury bills to be dated Jan. 11 and to mature April 12, 1945, which were offered on Jan. 5, were opened at the Federal Reserve Banks on Jan. 8.

The details of this issue are as follows:

Total applied for, $2,157,434,000.

Total accepted, $1,302,998,000 (includes $75,916,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price 99.905, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.910, equivalent rate of discount approximately 0.356% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(55% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Jan. 11 in the amount of $1,312,571,000.

Regarding the previous week's offering the Secretary of the Treasury announced on Dec. 30 that the tenders of $1,200,000,000, or thereabouts, of 91-day Treasury bills to be dated Jan. 4 and to mature April 5, were opened at the Federal Reserve Banks on Dec. 29.

The details of this issue are as follows:

Total applied for, $2,464,903,000.

Total accepted, $1,204,847,000 (includes $51,393,000 entered on a fixed price basis at 99.905 and accepted in full).

Average price 99.906, equivalent rate of discount approximately 0.373% per annum.

Range of accepted competitive bids:

High, 99.908, equivalent rate of discount approximately 0.364% per annum.

Low, 99.905, equivalent rate of discount aopproximately 0.376% per annum.

(26% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Jan. 4 in the amount of $1,217,995,000.

Regarding the week of Dec. 23 offering of tenders for $1,200,000,000 or thereabouts, of 91-day Treasury bills dated Dec. 28, 1944, and to mature Mar. 29, 1945, which were offered on Dec. 19, were opened at the Federal Reserve Banks on Dec. 22.

The details of this issue are as follows:

Total applied for, $1,868,032,000.

Total accepted, $1,202,062,000 (includes $49,232,000 entered on a fixed-price basis at 99.905 and accepted in full).

Average price, 99.905, equivalent rate of discount approximately 0.375% per annum.

Range of accepted competitive bids:

High, 99.910, equivalent rate of discount approximately 0.356% per annum.

Low, 99.905, equivalent rate of discount approximately 0.376% per annum.

(60% of the amount bid for at the low price was accepted.)

There was a maturity of a similar issue of bills on Dec. 28 in the amount of $1,218,104,000.